



CALIFORNIA TRADEWINDS
GEOLOGIC HAZARD ABATEMENT DISTRICT

Program Budget
FISCAL YEAR 2019-2020

APRIL 2019

EXHIBIT A



CALIFORNIA TRADEWINDS

GEOLOGIC HAZARD ABATEMENT DISTRICT

May 6, 2019

CA Tradewinds GHAD Board of Directors
c/o Supervisor Federal D. Glover
190 E. 4th Street
Pittsburg, California 94565

**SUBJECT: Program Budget for Fiscal Year 2019-2020
CA Tradewinds Geologic Hazard Abatement District**

Dear Board Members:

Attached please find the proposed program budget for the California Tradewinds Geologic Hazard Abatement District (CA Tradewinds GHAD, or GHAD) for fiscal year 2019/2020. The proposed fiscal year budget totals \$24,600¹, which exceeds projected revenues and anticipates a \$1,280.00 deficit and the need to draw a commensurate amount from the reserve fund. At the time of this publication, it is expected that the fund balance on June 30, 2019 will be approximately \$18,118. A fund balance of \$16,838 is projected for June 30, 2020.

There are four major budget categories, their respective budget expenses break down as follows:

Major Projects	0 percent
Preventive Maintenance and Operations	33 percent
Special Projects	29 percent
Administration, Legal, Accounting	38 percent

BACKGROUND:

On June 1, 1997, the Contra Costa Board County of Supervisors adopted Resolution 97/297 approving the formation of the California Tradewinds Geologic Hazard Abatement District (CA Tradewinds GHAD), located in the hills of Bay Point within the jurisdiction of Contra Costa County. The CA Tradewinds GHAD was formed pursuant to State Public Resources Code § 26500 et seq. The Board of Supervisors at that time appointed itself as the Board of Directors of the CA Tradewinds GHAD.

Resolutions 98/194 adopted on April 21, 1998 by the Board of Supervisors, acting as the CA Tradewinds GHAD Board, confirmed the assessments for the district and ordered the collection of the amounts called for in the Assessment Report. The initial fiscal year for the CA Tradewinds GHAD was established as 1998-1999.

A 17-lot subdivision also completed in Bay Point known as Savana Seabreeze II was annexed in 2008 to the CA Tradewinds GHAD. The Final Map was filed in 2013. Assessments in fiscal year 2014-2015 included 11 of the planned 17 parcels. It is now known that building permits have recently been pulled on the remaining 6 parcels and the 2017-2018 budget anticipates Seabreeze II to be fully populated with assessments levied on the remaining 6 parcels. Pursuant to the Plan of Control provisions² maintenance

¹ Includes "other income and expenses" from Seabreeze II Transfer

² First Amendment to California Tradewinds Geologic Hazard Abatement District – Dated 10/07/2007: Revised 8/08/2008 – Exhibit C (3)

responsibilities have been and are currently being provided by the Savona developer. In late October of 2016 the developer, DeNova Homes, submitted an application to begin the transfer process pursuant to the Plan of Control³. Until the transfer is completed maintenance responsibilities remain with the developer.

As a percentage of the budget, this year the Major Projects Program is not anticipating a Major Project and therefore funds have not been set aside in advance of this program.

The Preventive Maintenance Program will focus on efforts to complete asset site restorations. The program will pursue analysis and upgrades to all instrument and asset sites and the associated data collection to ensure all predictive features of these instrumentation sites are fully realized. Specifically, we will target the following program elements - Concrete Interceptor Ditch Systems (Repair and Replace Program); and the Soil Debris Bench/Bio swale (Maintenance Program). The Operations Program will continue its existing monitoring profile through this period, and we are currently beginning a study of accrued empirical data from its many monitoring assets in an effort to further expose any notable trending that might occur over significant periods of time, thereby reducing risk exposure. Currently, the National Oceanic and Atmospheric Administration (NOAA) predicts El Niño neutral conditions in the Southern Oscillation; however, early probability forecasts have often changed throughout the summer months.

The Special Projects Program will be directed, in part, to analyzing the Plan of Control and other essential documents that establish and direct the CA Tradewinds GHAD. Preliminary review will be initiated to assess the need to conduct a formal Reserve Study, which would serve to test, identify weaknesses, and expose any necessary adjustments to the criteria or methodologies utilized in the program and anticipate revenue and reserve demands. Additional studies may include assessing the feasibility of integrating a Geographic Information System (GIS) into the CA Tradewinds program.

This budget anticipates continued strengthening and building efficiencies within the Administration Program. General legal counsel will continue to be provided by the CA Tradewinds GHAD Board appointed attorney, Patricia Curtin of Wendel, Rosen, Black & Dean, LLP.

A summary of the expenses is shown on Table 1, pages 4 and 5, followed by brief descriptions of each of the budget items on pages 6 through 12.

Respectfully yours,

CA Tradewinds Geologic Hazard Abatement District



Michael D. Sands
Sands Construction Company, Inc.
General Manager

³ First Amendment to California Tradewinds Geologic Hazard Abatement District – Dated 10/07/2007; Revised 8/08/2008 – Exhibit C (5)

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CA Tradewinds Geologic Hazard Abatement District
Program Budget
Fiscal Year 2019/2020

The following proposed line item program budget (Table 1) summarizes the anticipated expenditures for fiscal year 2019/2020 for the CA Tradewinds Geologic Hazard Abatement District (CA Tradewinds GHAD, GHAD or District). Through an ongoing assessment, the manager evaluates and addresses geologic risk through the implementation of an annual program budget consisting of four major categories. Preceding Table 1, and directly below, is a general overview description of the four major program elements within the budget.

Major Projects Program

The annual Major Projects Program includes; landslide repair projects, drainage improvement projects and capital improvement projects necessary to either control, mitigate, or prevent landslide activity. Other large program responses necessary to implement the Plan of Control, including specific purpose studies and investigations, may also be included in the Major Projects Program.

Generally, for consideration of inclusion into the Major Projects Program, a project or study would represent a level of complexity requiring plans, specifications, and comprehensive engineering analysis including modeling and research, or a project with a protracted scope such as those requiring multiple regulatory agency approvals. Most Major Projects have a projected cost that exceeds \$10,000.

Historically, the Major Projects Program has been comprised of significant landslide repair projects and other responsive large projects; at other times, it has included programmatic studies and investigations useful in generating proactive responses. This diversity of projects demonstrates the importance of a flexible Major Projects Program structure that adapts between responsive and proactive needs and capabilities to manage the dynamic nature of larger scale geologic events.

Preventive Maintenance and Operations Program

The annual Preventive Maintenance and Operations Program includes all minor repairs, cleanup, maintenance, monitoring and replacement of drainage structures and other assets that degrade over a serviceable life. The goal of preventive maintenance is to keep assets in operational condition and identify potential slope stability risks before they manifest, allowing measures to be taken to either prevent, or mitigate the impact of these hazards as defined in the CA Tradewinds GHAD Plan of Control.

Typical CA Tradewinds GHAD assets include concrete lined ditches, subdrainage systems, groundwater measuring instrumentation, slope inclinometers and moisture gauges, and slope debris catchment features.

The Preventive Maintenance Program also includes preparations for emergency response, winterization measures including erosion protection and slope stabilization supplies, and instrument maintenance.

The Operations Program is primarily populated with scheduled instrument monitoring events. Data from these instruments are evaluated to establish risk and trends in an effort to avert landslide activity. In addition to the instrumentation monitoring program, the Operations Program contains the Incident Response and Community Relations Program, which incorporates comprehensive first response capabilities, and fosters community incident interaction.

Special Projects

The CA Tradewinds GHAD pursues ongoing and new activities identified as “Special Projects.” Special Projects include activities requested by the Board such as the Communications Program, or projects and studies designed to improve the District’s operational effectiveness and insure financial solvency. Special Projects also include utilizing new technologies to increase the efficiencies of the day-to-day operations.

Administration

Administrative expenses are required to operate the CA Tradewinds GHAD and implement projects. Administrative expenses include personnel and consultants to manage the operations including; the General Manager, Administrative Manager, Construction Services Manager, certain clerical and accounting staff, consultants, and legal support.

With respect to the General Management of the CA Tradewinds GHAD - The CA Tradewinds GHAD Board of Directors through Resolution 2017/01, among other business, established a Consulting Services Agreement with Sands Construction Company, Inc. to act as General Manager. The payment limit established for a term through June 30, 2019 was \$7,600; the proposed payment limit through June 30, 2020 is \$8,000. The scope of services for the General Manager include, managing the day-to-day operations through implementation of the necessary financial recordkeeping and reporting; updating and maintaining governing documents, such as the Plan of Control; and managing and updating administrative tools such as the Reserve Study, Communications Plan, Work Program and Monthly Incident Log. The General Manager Consulting Services Agreement provides for certain administrative positions including, but not limited to; a General Manager, an Administrative Manager, a Construction Services Manager and a Network Administrator as well as overhead costs, such as office space rent, office supplies and postage.

With respect to the Operations of the CA Tradewinds GHAD, the scope of services for Operations include; implementing the Major Projects and Preventive Maintenance Programs through forecasting work schedules and priorities, preparing Requests for Proposals, and managing maintenance and repair operations within the Major Projects and Preventive Maintenance Programs. These services include project management and construction management and preparing for and responding to emergency incidents.

The General Manager will retain the necessary professionals, including without limitation, engineers, accounting professionals, and vendors to facilitate the operations of the CA Tradewinds GHAD. The General Manager Consulting Services Agreement, and associated budget, allows for the conditional use of subcontractors such as administrative sub-consultants and engineering or construction sub-consultants, within the payment limits of the Consulting Services Agreement.

A summary of the proposed Fiscal Year 2019/2020 Budget is presented in Table 1 on the following pages.

Table 1 – Summary of Fiscal Year 2019/2020 Budget

Budget Item	Budget Amount	% of Total Budget
Major Repairs		
No Major Projects Planned	0	
Total Major Projects	\$0	0%
Preventive Maintenance/Operations		
Preventive Maintenance		
Drainage		
Storm Drain Facilities	0	
B-58 Concrete Lined Ditches		
Maintenance/Clean/Map	5,000	
Repair and Replace	0	
Retention Basins	0	
Subdrain Systems	0	
Horizontal Drains	0	
Subdrain Outlets	1,000	
Piezometers	0	
Settlement Monitors	0	
Minor Repairs	0	
Winterization	500	
Emergency Response	1,000	
Debris Benches/Impact Walls/ Bio-swales	0	
Subtotal	\$7,500	
Operations		
Piezometer Monitoring	0	
Horizontal Drain Monitoring	0	
Subdrain Monitoring	200	
Settlement Monitoring	0	
Incident Response/Community Relations	500	
Subtotal	\$700	
Total Preventive Maintenance/Operations	\$8,200	33%

Budget Item	Budget Amount	% of Total Budget
Special Projects		
Plan of Control	0	
Reserve Study Update	0	
Special Studies Seabreeze II Transfer	5,000	
Information Technology	0	
Accounting Systems Upgrade	0	
Tax Assessment Calculation	1,500	
Communications Program	0	
CA Association of GHADs – Membership/Insurance	600	
Total Special Projects	\$7,100	29%
Administration		
Legal fees		
General Counsel	2,000	
Special Counsel		
Litigation/Legal Concerns	0	
Staffing/Administrative Support	5,000	
Accounting/Bookkeeping	1,700	
Training/Education	0	
Office – Rent/Supplies/Equipment/Lease	600	
Total Administration	\$9,300	38%
TOTAL PROPOSED BUDGET FY2019/2020	\$24,600	100%
Available Funds		
Estimated Beginning Fund Balance – July 1, 2019*		18,118
Estimated Property Owner Assessments		
Tradewinds - \$ 272.27 annually per unit x 46 units**		12,524
Seabreeze II - \$ 568.19 annually per unit x 19 units**		10,796
Estimated Interest on Investments		0
Other Income (Seabreeze II Transfer)		0
Total Available Funds		41,438
Uses of Funds		
Major Projects		0
Preventive Maintenance		8,200
Special Projects		7,100
Administrative		9,300
Total Use of Funds		\$24,600
Estimated Reserve Available/Ending Fund Balance June 30, 2020		\$16,838

* Projected Fund Balance date of publication, includes estimated true-up revenue payment (June 2019) \$1,347.74

** Estimated – Resource CPI, San Francisco Metropolitan Area – April 2019

DESCRIPTION OF BUDGET ITEMS

Major Projects

No Anticipated Major Projects

Preventive Maintenance and Operations

Preventive Maintenance

Preventive maintenance generally consists of those measures taken to prevent an incident or landslide event including; asset maintenance, drainage structures, instrument sites and winterization measures. Operations include ongoing monitoring programs and responses to community requests. Details of the proposed budget for each of these categories are listed below.

Storm Drain Facilities (Major Repairs)

In addition to other drainage systems such as Concrete Interceptor Ditches, Subdrains, and other surface and subsurface drainage systems, the CA Tradewinds GHAD maintains an inventory of concrete drainage structures that from time to time are in need of refurbishment or repairs. A budget has been established to inspect these facilities and make any necessary repairs, not covered within the established “*B-58 Drain Systems – Repair and Replacement Program*” scope.

Estimated Cost \$0

B-58 Drain Systems/Bio-swales

Maintenance – Allows for one major annual cleaning and mapping. In addition, District staff periodically walks the B-58 systems and Bio-swales to get a first-hand account of the current conditions and project serviceable life. This information, along with other empirical data, is typically utilized in Reserve Study updates. With the extreme weather conditions last year and the related soil and vegetation load impacting the network of B-58 systems, we have anticipated and allowed for a greater effort to maintain proper drainage for these facilities over the fiscal year.

Estimated Cost \$5,000

Repair and Replacement – A detailed assessment will be performed to establish the existing condition of the B-58 Concrete ditches throughout the district. This assessment will serve to establish a baseline for needed repairs and/or assessments as to the remaining serviceable life of these assets to be utilized in reserve study criteria.

Estimated Cost \$0

Retention Basins

There is one retention basin within the district boundaries. This retention basin requires annual improvements and de-silting efforts. In FY17/18 improvements were made to the retention basin and only monitoring of performance is anticipated for FY18/19.

Estimated Cost \$0

Subdrain Systems

Subdrain systems must be monitored and maintenance provided to ensure the systems have not been damaged or impeded. This budget will allow for an inspection and minor maintenance of these sites.

Estimated Cost \$1,000

Horizontal Drains

There are no Horizontal Drains currently within the district.

Estimated Cost \$0

Sub-drain Outlets

The CA Tradewinds GHAD is currently conducting efforts to identify, locate and make determinations about the effectiveness of the network of subdrains throughout the District. It is anticipated that on-site restoration work may be necessary at some sites. This additional work has been incorporated into this budget item.

Estimated Cost \$1,000

Piezometers

There are no known piezometers currently within the district.

Estimated Cost \$0

Settlement Monitors

There are no known inclinometers currently within the district.

Estimated Cost \$0

Minor Repairs

No anticipated Minor Repairs

Estimated Cost \$0

Winterization

The District provides an annual budget for procuring and storing an inventory of winterization materials and to provide for the costs of site installation. The district will procure materials as needed.

Estimated Cost \$500

Emergency Response

During the winter rainy season, the CA Tradewinds GHAD prepares for and may respond to a range of urgent, active or threatening landslides as well as drainage issues where property damage is threatened. These incidents typically involve mud or debris flows, plugged storm drains at the base of slopes or flooded properties due to the overflow of runoff from plugged or damaged facilities. In severe cases these responses can require the initiation of temporary slope stabilization measures in preparation for a major repair.

Estimated Cost \$1,000

Debris Benches

Earthen debris benches exist throughout the district. It is essential that these facilities are inspected to ensure capacities and drainage have not been compromised. Annual inspections are made, and periodic debris removal plans are initiated. This year's budget allows for geotechnical evaluations and the periodic removal of accumulated debris from several of those benches identified during the study and routine monitoring events.

Estimated Cost \$0

Operations

An inventory of on-site instrumentation including piezometers, inclinometers, horizontal drains, sub-drains and settlement monuments are monitored periodically throughout the year as a preventative measure.

Monitoring sites can be established for a variety of uses. Often completed repair sites require monitoring to confirm that the slope has been stabilized. Other sites have been utilized to indicate signs of unstable conditions developing and have been instrumental in determining slope conditions prior to the activation of a landslide.

Through the use of collected data such as groundwater depth, magnitude of slope movement, depth of movement and ground surface movement, the District has been able to arrest slope movement in advance of an incipient failure.

Throughout the year, the District receives incident response or assistance calls from property owners regarding slope stability or drainage issues. Community relations, including incident responses through the annual Operations Program has been institutionalized as a role of CA Tradewinds GHAD management. All incidents are recorded and move through the district

response mechanisms as is appropriate and consistent with the CA Tradewinds GHAD Plan of Control.

The CA Tradewinds GHAD Manager receives updates in long-range weather and oceanic temperature changes through the National Oceanic and Atmospheric Administration (NOAA) and other scientific and atmospheric agencies that track data and produce probabilistic assessments on the likelihood of a recurrence of El Niño conditions.

Estimated Cost \$700

Special Projects

During fiscal year 2018/2019, the District will continue several special projects. Brief descriptions of the special projects are presented in Table 1 and further described below:

Plan of Control

It is anticipated that an evaluation and assessment of the current Plan of Control for the CA Tradewinds GHAD will be pursued in an effort to confirm operational compliance. Project costs will be applied to General Administration.

Estimated Cost \$0

Reserve Study Assessment

A reserve study functions as a pro-forma analysis of the financial needs of the CA Tradewinds GHAD. It serves as a tool to calculate the annual contribution required by the district to build and maintain sufficient funds for emergencies and capital replacement programs based on past weather patterns, landslide repair costs, and general attrition. As a result of severe winters, draws will likely be necessary in the future on the reserve fund. Work is planned to evaluate and complete an analysis of the fund health and methodologies. This analysis will be used in establishing a pro-forma plan and provide instruction to CA Tradewinds GHAD management as to the necessary reserve demands over time. Project analysis costs will be applied to General Administration.

Estimated Cost \$0

Special Studies

The CA Tradewinds GHAD intends to continue targeted studies in the areas of fiscal policy and geologic risk. The CA Tradewinds GHAD, now in its 19th year, has the unique opportunity to address many of the issues surrounding long-term viability and sustainability, within changing environment and financial conditions. Using empirical data, we can assess potentially increasing financial loads and geologic risks that may accompany the maturation process of this district. We are confident that these studies have produced and will continue to produce beneficial results. We will defer this discretionary work this term in favor of building reserves. The GHAD will continue to pursue the completion of the transfer of Seabreeze II with the developer.

Estimated Cost \$5,000

Information Systems and Technology

The CA Tradewinds GHAD will consider integrating a GIS system to include all of the GHAD's data collection and monitoring operations. The record and tool that this system offers facilitates the General Manager's ability to locate past repairs and assist in a variety of risk assessments within the District.

Estimated Cost \$0

Accounting System Upgrade

Periodic upgrades are necessary to enhance accounting system capabilities. The CA Tradewinds GHAD utilizes expense accounting software to assist in reporting and the day to day operation of the District. Continued accounting systems enhancements will be implemented allowing more data entry streamlining, enhanced reporting, and quality control assurance procedures, augmenting the current systems. Project costs will be applied to General Administration.

Estimated Cost \$0

Tax Assessment Calculation

Each year an assessment calculation is conducted to identify and determine all qualified parcels within the district to receive assessments for CA Tradewinds GHAD services. Typically, the GHAD Manager will contract these assessments to a firm that specializes in these services. Historically, the CA Tradewinds GHAD has provided this information through its contracted consultant to the County Assessor's Office as required.

Estimated Cost \$1,500

Communications Plan

The CA Tradewinds GHAD maintains a communications plan designed to keep constituents current on CA Tradewinds GHAD operations and developments. The plan addresses several venues and mediums used to disseminate information within this district, and to other concerned parties, and to establish clear and accessible channels for community interaction. The CA Tradewinds GHAD intends to implement a web page for public information and a multi-page informational brochure to be available to interested Homeowner Associations (HOA) and stakeholders that describes the CA Tradewinds GHAD and its responsibilities and limitations. Additionally, the General Manager is available to write periodic articles for the HOA newsletter.

Estimated Cost \$0

Outreach/Legislative Review

California Association of GHADs (CAGHADs) Membership/Insurance

The proliferation of new GHADs within California has resulted in new legislation and adopted procedures. The CA Tradewinds GHAD Manager, in association with others, shares information and knowledge through a consortium of GHAD managers known as the California Association of GHADs (CAGHADs). The CAGHAD has recently obtained General Liability policies for its member GHADs. Policy premium costs for the CA Tradewinds GHAD are approximately \$500.⁴ Additionally, the CA Tradewinds GHAD manager participates in the CAGHADs as the organization pursues other financial instruments that may provide the CA Tradewinds GHAD additional options for extraordinary financial demand and planning. In 2016 the CAGHAD Board adopted a new fee schedule reducing the annual GHAD fees for membership by 50%.

Estimated Cost \$600

Administration

The administration of the CA Tradewinds GHAD includes all costs associated with legal support, office expenses, staffing, and accounting. Brief descriptions are presented below.

Legal

General Counsel – CA Tradewinds GHAD management must interact regularly with CA Tradewinds GHAD Counsel. The day-to-day operations of the CA Tradewinds GHAD present myriad opportunities and issues to work directly with GHAD counsel, in the areas of contracts, agreements, issues or new business to present to the Board, legislation, property owner issues, etc.

Estimated Cost \$2,000

Special Counsel – Typically Special Counsel consists of legal representation in the event of legal issues that might arise. Currently there are no legal issues involving litigation.

Estimated Cost \$0

Staffing/Administrative Support

The CA Tradewinds GHAD staff includes the General Manager, an Operations Manager, an Administration Manager and frequently other support staff and consulting professionals. The General Manager administers all CA Tradewinds GHAD day-to-day operations, including financial budgeting and communications regarding its activities. The Operations Manager, among other tasks, administers the Major Projects and Preventive Maintenance Programs and associated work schedules, consulting and construction contracts, and documents. The

⁴ A more comprehensive policy was obtained with a premium increase

administrative staff is responsible for accounting/bookkeeping, contract administration, clerical, and construction management support. Additional management staff costs are also applied to specific projects as appropriate. Authorized business expenses such as rent, office supplies and leases are included in Staffing.

Estimated Cost \$7,300