

**WIEDEMANN RANCH GEOLOGIC HAZARD ABATEMENT DISTRICT
PROGRAM BUDGET FOR FISCAL YEAR 2023/24**



May 31, 2023

Wiedemann Ranch GHAD Board of Directors
Chair Candace Andersen
Vice Chair Federal D. Glover
Board Member John M. Gioia
Board Member Diane Burgis
Board Member Ken Carlson

Wiedemann Ranch Geologic Hazard Abatement District
651 Pine Street, Room 107
Martinez, CA 94553-1229

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

PROGRAM BUDGET FOR FISCAL YEAR 2023/24

Dear Chair Andersen and Boardmembers:

Attached is the program budget for the Wiedemann Ranch Geologic Hazard Abatement District (GHAD) for the Fiscal Year 2023/24. The program budget as proposed is \$1,356,925. The budget expenses break down into the following approximate percentages of the total expenses.


- Major Repair 74 percent
- Preventive Maintenance and Operations..... 16 percent
- Special Projects 1 percent
- Administration and Accounting 4 percent
- Additional – Outside Professional Services 5 percent

The budget anticipates FY 2023/24 revenue of \$506,095 with an estimated reduction of \$850,830 to the reserve fund. A summary of the expenses is shown in Table 3 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. 3586.002.022


Haley Ralston

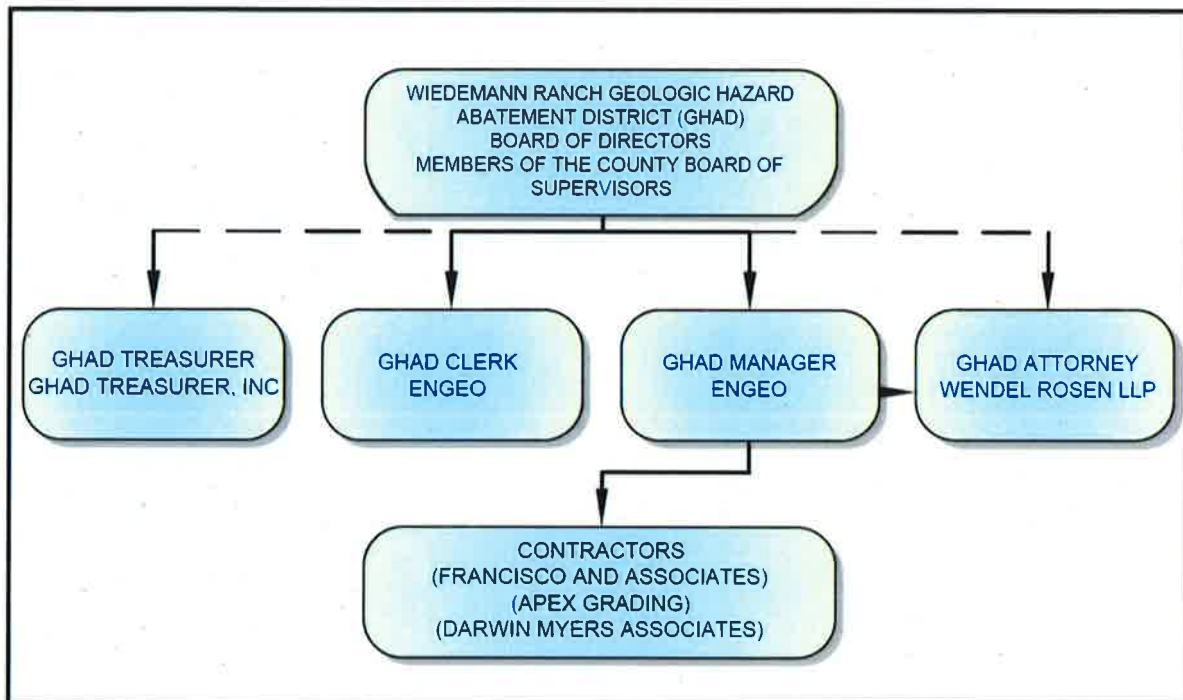

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**Wiedemann Ranch Geologic Hazard Abatement District
Program Budget
Fiscal Year 2023/24**

The following budget summarizes the anticipated expenditures for Fiscal Year (FY) 2023/24 for the Wiedemann Ranch Geologic Hazard Abatement District, which currently includes the Henry Ranch, Norris Canyon Estates, Elworthy Ranch, Red Hawk (Podva), and Magee Preserve developments. We have budgeted for GHAD responsibilities within these developments during FY 2023/24. The Magee Preserve development was annexed into the Wiedemann Ranch GHAD on July 13, 2021, with the adoption of Resolution No. 2021/03, but has not yet approved an assessment and currently receives no services from the GHAD.

The structure of the Wiedemann Ranch GHAD is shown below.



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 annual assessment limits are as follows.

TABLE 1: Actual CPI Adjustments and Assessment Limit for Single-Family Residential Properties

FISCAL YEAR	SAN FRANCISCO-OAKLAND-HAYWARD CPI (JUNE /JUNE)	ANNUAL ASSESSMENT LIMIT			
		NORRIS CANYON ESTATES	HENRY RANCH	ELWORTHY RANCH	REDHAWK
1999/00	-	\$550.00			
2000/01	4.22%	\$573.22	\$555.00		
2001/02	6.61%	\$611.11	\$591.69		
2002/03	1.18%	\$618.29	\$598.65		
2003/04	1.60%	\$628.18	\$608.22		
2004/05	1.41%	\$637.03	\$616.79		
2005/06	1.06%	\$643.80	\$623.34		
2006/07	3.93%	\$669.10	\$647.84		
2007/08	3.38%	\$691.71	\$669.73		
2008/09	4.19%	\$720.70	\$687.80		
2009/10	0.23%	\$722.34	\$699.38		
2010/11	1.07%	\$730.08	\$706.88		
2011/12	2.43%	\$747.80	\$724.03		
2012/13	2.64%	\$767.51	\$743.12		
2013/14	2.56%	\$787.13	\$762.12		
2014/15	3.00%	\$810.75	\$784.99	\$1,360.00	
2015/16	2.29%	\$829.32	\$802.96	\$1,391.14	
2016/17	2.67%	\$851.48	\$824.42	\$1,428.31	\$2,395.00
2017/18	3.48%	\$881.12	\$853.12	\$1,478.04	\$2,478.39
2018/19	3.91%	\$915.56	\$866.46	\$1,535.80	\$2,575.24
2019/20	3.22%	\$944.99	\$914.96	\$1,585.18	\$2,658.03
2020/21	1.62%	\$960.27	\$929.75	\$1,610.80	\$2,701.00
2021/22	3.15%	\$990.56	\$959.08	\$1,661.62	\$2,786.21
2022/23	6.80%	\$1,057.91	\$1,024.29	\$1,774.59	\$2,975.64
2023/24	5% ¹	\$1,110.80 ¹	\$1,075.51 ¹	\$1,863.34 ¹	\$3,124.46 ¹

¹Estimate based on Consumers Price Index through April 2023.

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-Hayward Consumers Price Index (CPI) for All Urban Consumers for the previous 12 months. The final assessment roll prepared for the 2022/23 fiscal year and submitted to the Contra Costa County Assessor's Office identifies 576 parcels subject to the levy of the GHAD assessment. Thirteen apartment units are located within the Elworthy Ranch development on a single assessor's parcel. The levy for the apartment parcel for FY 2022/23 was \$11,534.77 (\$887.29 per apartment unit). With the adoption of Resolution 2022/01, the Board of Directors approved a suspension of the levy of the GHAD assessment for the Norris Canyon Estates and Henry Ranch developments; therefore, the total levy amount for the 2022/23 FY was \$220,112.28. The actual FY 2023/2024 assessment limit will be calculated to reflect the percentage change in the San Francisco-Oakland-Hayward CPI for All Urban Consumers for June 2023 through June 2024.

As shown on Graph 1 following, the GHAD has exceeded the target reserve rate of accumulation forecast in the approved Engineer's Reports for the Norris Canyon Estates, Henry Ranch, Elworthy Ranch, and Red Hawk Developments. The excess revenue is primarily due to the delays in transferring the Plan of Control responsibilities from Toll Brothers, Inc. to the GHAD within the Norris Canyon Estates Development and lower than anticipated expenses within each development within the GHAD.

We have in this budget, and may in future budgets, recommend an annual levy amount less than the assessment limit if the following conditions are met.

- Unencumbered reserve funds collected from within a development exceed the target reserve amount estimated in the approved Engineer's Report or unencumbered reserve funds collected from a development exceed the target reserve.
- Reserve funds collected from within a development exceed the dollar amount estimated for a large-scale repair.
- Plan of Control responsibilities have been transferred from the developer to the GHAD.

As the above conditions have been met for the Norris Canyon Estates, Henry Ranch, Elworthy Ranch, and Red Hawk developments within the GHAD, we are recommending, and the budget prepared provides, that the residential parcel levy be an amount less than the assessment limit to cover annual maintenance and operations for the GHAD for Fiscal Year 2023/24. The proposed assessment levy for FY 2023/24 is \$600.21 per single-family residence and \$300.11 per apartment unit (Elworthy Ranch only).

Table 2 shows the estimated revenue with an assessment levy covering annual maintenance and operations for FY 2023/2024 within the Norris Canyon Estates, Henry Ranch, Elworthy Ranch, and Red Hawk developments.

The GHAD Treasurer maintains an estimate that the long-term inflation rate will average approximately 2 to 2.5 percent, but in FY 2023/24 may be above this level. We have assumed an inflation rate of 5 percent for estimating total revenues in Table 2 based on CPI published through April 2023.

TABLE 2: Estimated Revenue for FY 2023/2024

	FY 2023/2024 ESTIMATE
Assessment Revenue	\$352,925
Investment Income	\$153,170
Total Revenues	\$506,095

In general, the budget amounts listed are based on the Engineer's 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.

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. 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. These include clerical and accounting functions.

TABLE 3: Summary of Use of Funds

	USE OF FUNDS			PERCENT CHANGE FROM FY 2022/23
	FY 2022/23 ESTIMATE*	FY 2022/23 BUDGET	FY 2023/24 PROPOSED	
Major Repairs	\$59,000	\$300,000	\$1,004,000	
Subtotal	\$59,000	\$300,000	\$1,004,000	235%
Preventive Maintenance and Operations - Professional Services				
Open Space Scheduled Monitoring Events	\$43,000	\$25,000	\$35,000	
Heavy Rainfall Monitoring Events	\$18,218	\$6,000	\$8,000	
Transfer of Open Space and GHAD Maintained Improvements	\$0	\$4,000	\$0	
Technical Consultants, Parcel Transfer (Outside Services)	\$0	\$1,000	\$0	
Subtotal	\$61,218	\$36,000	\$43,000	19.4%

USE OF FUNDS				
	FY 2022/23 ESTIMATE*	FY 2022/23 BUDGET	FY 2023/24 PROPOSED	PERCENT CHANGE FROM FY 2022/23
Preventive Maintenance and Operations - Maintenance and Operations				
Sediment Removal Concrete Structures	\$17,306	\$19,500	\$19,000	
Erosion Control	\$139,782	\$85,000	\$90,000	
Slope Stabilization	\$183,995	\$70,000	\$75,000	
Subtotal	\$341,083	\$174,500	\$184,000	5.4%
Special Projects				
GPS/GIS Development	\$10,467	\$5,000	\$5,000	
Website Maintenance/Updates	\$1,124	\$1,000	\$1,000	
Reserve Study	\$0	\$4,000	\$4,000	
Subtotal	\$11,590	\$10,000	\$10,000	0%
Administration and Accounting – GHAD Manager				
Administration and Accounting	\$46,000	\$46,000	\$48,000	
Budget Preparation	\$6,000	\$6,000	\$6,300	
Subtotal	\$52,000	\$52,000	\$54,300	4.4%
Administration and Accounting – Outside Professional Services				
Assessment Roll and Levy Update	\$2,625	\$2,625	\$2,625	
Legal Counsel	\$10,000	\$15,000	\$15,000	
Treasurer	\$17,084	\$35,000	\$35,000	
Contra Costa County Assessor's Fees	\$240	\$750	\$750	
California Association of GHADs Membership	\$247	\$250	\$250	
Insurance	\$7,900	\$7,900	\$8,000	
Subtotal	\$38,096	\$61,525	\$61,625	0.2%
Total	\$562,987	\$634,025	\$1,356,925	114%

A summary of the proposed Fiscal Year 2023/24 Budget is shown in Table 4.

TABLE 4: Summary of Proposed Fiscal Year 2023/24 Budget

BUDGET ITEM	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2023/24)
MAJOR REPAIRS	\$1,004,000	
TOTAL	\$1,004,000	59%
Professional Services		
Scheduled Monitoring Events	\$35,000	
Heavy Rainfall Monitoring Events	\$8,000	
Transfer Services	\$0	
Transfer Services - Outside	\$0	
Subtotal	\$43,000.00	

BUDGET ITEM	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2023/24)
Maintenance and Operations		
Concrete-Lined Drainage Ditches and Maintenance Roads	\$19,000	
Erosion Control including Creek Channels	\$90,000	
Slope Stabilization	\$75,000	
Subtotal	\$184,000	
TOTAL	\$227,000	16%
SPECIAL PROJECTS		
GPS/GIS Development	\$5,000	
Website Maintenance and Updates	\$1,000	
Reserve Study	\$4,000	
TOTAL	\$10,000	1%
Administration and Accounting	\$48,000	
Annual Report and Budget Preparation	\$6,300	
Subtotal	\$54,300	4%
Assessment Roll and Levy Update Preparation	\$2,625	
Legal Counsel	\$15,000	
Wiedemann Ranch GHAD Treasurer	\$35,000	
Contra Costa County Assessor's Fees	\$750	
California Association of GHADs Membership	\$250	
Insurance	\$8,000	
Subtotal	\$61,525	5%
TOTAL	\$115,925	28%
PROPOSED EXPENDITURES	TOTAL	\$1,356,925
ESTIMATED REVENUE		
Beginning Balance – July 1, 2022	\$6,974,311	
ESTIMATED FY 2022/23 REVENUE		
Estimated Assessment Revenue	\$220,112	
Estimated Interest/Dividend Revenue	\$190,000	
ESTIMATED 2022/23 EXPENSES		
Estimated Expenses through June 30, 2023	(\$562,987)	
ESTIMATED RESERVE ON JUNE 30, 2023	\$6,821,436	
ESTIMATED 2023/24 REVENUE		
Estimated FY 2023/24 Assessment	\$352,925	
Estimated FY 2023/24 Interest/Dividend	\$153,170	
ESTIMATED 2023/24 EXPENSES		
Estimated Expenses through June 30, 2024	(\$1,356,925)	
ESTIMATED RESERVE ON JUNE 30, 2024	\$5,970,605	

As shown on the graph below, the forecast cumulative reserve is above the amount estimated in the 2001, 2014, and 2016 Engineers' Reports and is estimated to reach approximately \$10,900,000 by 2041, 40 years since the Henry Ranch development was annexed into the Wiedemann Ranch GHAD. The GHAD reserve is intended to fund unanticipated expenses that may occur.

GRAPH 1: Cumulative Reserve



We attribute the additional reserve accumulation to a number of factors including: (1) nine of the past fifteen winters had below-average rainfall; therefore, there has been a reduced level of slope instability and erosion; (2) 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 (3) 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 2023/24 (July 1, 2023, through June 30, 2024), the payment limit is set at \$335,900. 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.

TABLE 5: Payment Limit

TASK	AMOUNT
Major Repair	\$208,000 ¹
Scheduled Monitoring Events	\$35,000
Heavy Rainfall Monitoring Events	\$8,000
Transfer of Parcels	\$0
Concrete-Lined Drainage Ditch Maintenance	\$3,800 ¹
Erosion Control	\$13,000 ¹
Slope Stabilization	\$11,000 ¹
Special Projects (GPS, Website, and Reserve Study)	\$10,000
Administration and Accounting	\$48,000
Budget Preparation	\$6,300
TOTAL	\$335,900

¹Dependent on maintenance and/or repair activities by the GHAD during FY 2023/24. ENGEEO payment limit is estimated at up to 20% of the total budget item.

MAJOR REPAIR

In FY 2023/24, the GHAD plans to provide for additional investigation and, as appropriate, design details and construction activities for the stabilization of a mechanically stabilized earth (MSE) retaining wall adjacent to Ashbourne Drive, as well as mitigation and repairs for multiple locations of slope instability and erosional damage as a result of the 2022/23 winter heavy rainfall events experienced within the Norris Canyon Estates Development. We have provided an estimate for construction activities as needed. In addition, this budget item allows for ENGEEO to provide testing and observation services during repair activities.

Estimated budget \$1,004,000

PREVENTIVE MAINTENANCE AND OPERATIONS

Professional Services

Scheduled Monitoring Events

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

Estimated budget \$35,000

Heavy Rainfall Events

We have budgeted for two heavy rainfall-monitoring events during the 2023/24 winter season.

Estimated budget \$8,000

Transfer Services within the Wiedemann Ranch GHAD

We do not anticipate any transfer activities to occur during FY 2023/24.

Estimated budget \$0

Transfer of Parcels within the Wiedemann Ranch GHAD (Outside Professional Services)

As part of the 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. However, we do not anticipate any transfer activities to occur during FY 2023/24.

Estimated budget \$0

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 \$19,000

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 \$90,000

Slope Stabilization

This is for minor repairs, including slope instability or erosion, which may occur during the 2023/24 fiscal year. Purchase of emergency stabilization supplies is included within this budget item. In addition, general maintenance of GHAD-owned parcels (vegetation management, litter removal, and graffiti removal) is also included in this budget item.

Estimated budget \$75,000

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, cut, fill, 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 2023/24 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

Website 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.

Estimated budget \$1,000

Reserve Study

During fiscal year 2023/24, a reserve study will be completed based on the levels of expenditure expected to address future maintenance responsibilities, and accumulation the appropriate long-term reserves to address larger geologic events. Absent of extraordinary expenditures during FY 2023/24, the GHAD may achieve its targeted reserve set in the approved Engineer's Reports, which may result in an assessment levy below the assessment limit. The reserve study would be prepared to help the GHAD evaluate its income requirements prior to setting the recommended assessment for FY 2024/25.

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 \$48,000

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 \$6,300

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 \$2,625

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 \$15,000

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. As budgeted, half of the estimated cost is for the Treasurer services with half for the investment advisor services.

Estimated budget \$35,000

Contra County Assessor's Fees

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

Estimated budget \$750

Association Membership

The GHAD maintains membership in the California Association of GHADs.

Estimated budget \$250

Insurance

The GHAD maintains general liability insurance for open space areas within the District.

Estimated budget \$8,000