

**WENDT RANCH GEOLOGIC HAZARD ABATEMENT DISTRICT
PROGRAM BUDGET FOR FISCAL YEAR 2019/20**

EXHIBIT A

May 28, 2019

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

Subject: Wendt Ranch Geologic Hazard Abatement District
Contra Costa County, California

PROGRAM BUDGET FOR FISCAL YEAR 2019/20

Dear Board Members:

Attached is the program budget for the Wendt Ranch Geologic Hazard Abatement District (GHAD) for the Fiscal Year 2019/20. The program budget as proposed is \$288,850. The budget expenses break down into the following approximate percentages of the total revenue.

- Major Repair0 percent
- Preventive Maintenance and Operations.....29 percent
- Special Projects1 percent
- Administration and Accounting7 percent
- Additional - Outside Professional Services5 percent
- Reserve58 percent

The budget anticipates FY 2019/20 revenue of \$738,604 with an estimated contribution of \$404,640 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,

Wendt Ranch Geologic Hazard Abatement District
ENGEO Incorporated, GHAD Manager
ENGEO Project No. 4063.002.018



Haley Trindle

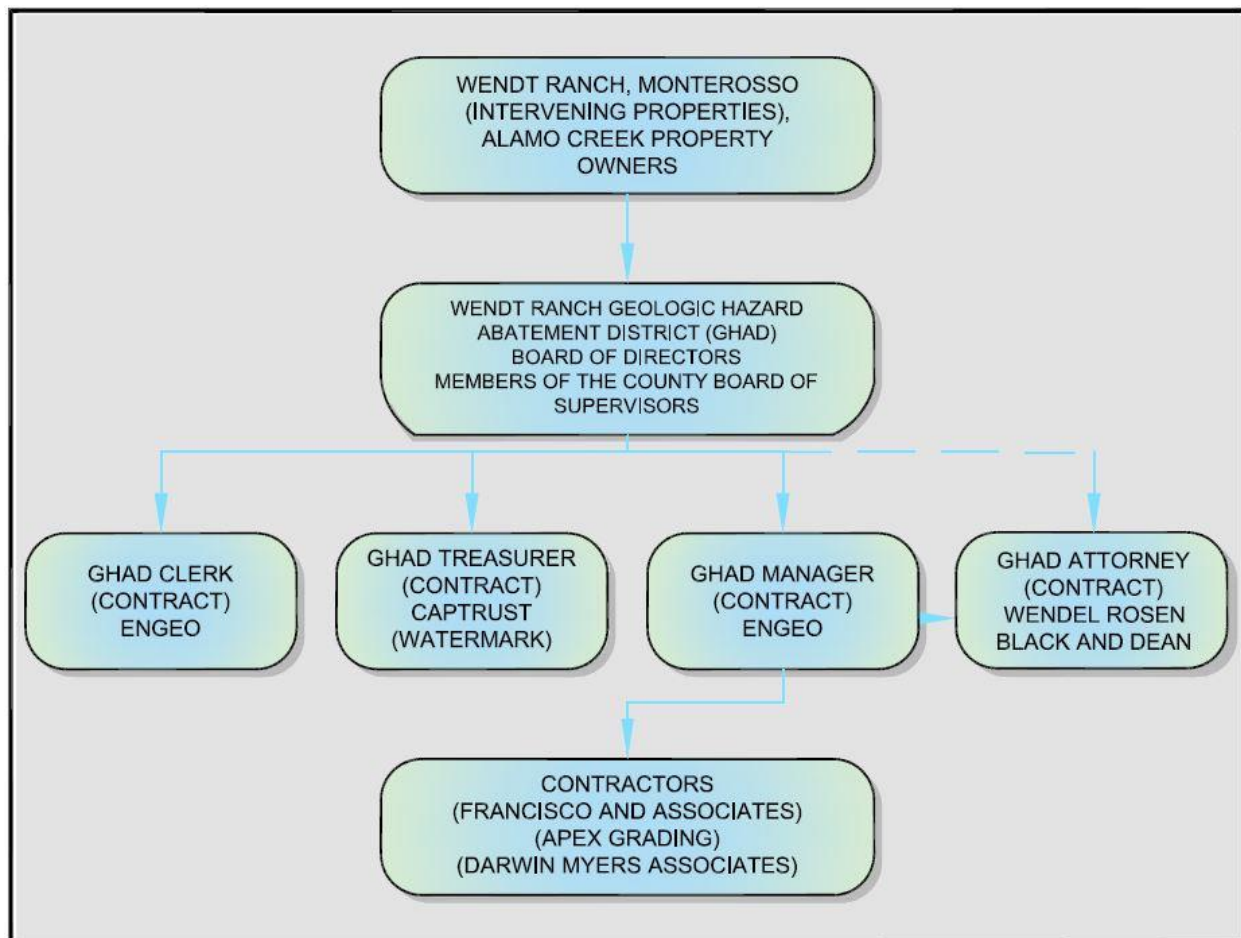


Eric Harrell

ht/eh/dt

**Wendt Ranch Geologic Hazard Abatement District
Program Budget
Fiscal Year 2019/20**

The following proposed program budget summarizes the anticipated receivables and expenditures for fiscal year 2019/20 for the Wendt Ranch Geologic Hazard Abatement District, which includes Wendt Ranch, Intervening Properties (Monterosso), and the Alamo Creek communities. The structure of the Wendt Ranch GHAD is shown below.



The GHAD has maintenance and monitoring responsibilities and is the property owner for the following parcels within the District. The parcels listed include all of the open space parcels within the Monterosso and Wendt Ranch developments. Maintenance, monitoring responsibilities, and ownership for the listed parcels were transferred to the GHAD in February and March 2009.

TABLE 1: Parcels owned by GHAD

| ASSESSOR'S PARCEL NUMBER | PARCEL | DESCRIPTION |
|--|---------|--|
| Monterosso (Intervening Properties) Development | | |
| 206-020-094 | I | Western Water Quality Basin |
| 206-020-095 | K | Western Open Space |
| 206-580-036 | B | Open Space North of Casablanca Bridge |
| 206-020-093 | C | Eastern Open Space |
| 206-580-038 | J | Northeast Bioretention Cell |
| 206-630-053 | E | Southeast Bioretention Cell |
| Wendt Ranch Development | | |
| 206-030-037 | A, 8698 | Wendt Ranch Southern Open Space including Buffalo Wetlands |
| 206-650-011 | B, 8847 | Wendt Ranch Western Open Space, North of Casablanca |
| 206-030-038 | B, 8698 | Wendt Ranch Western Open Space, South of Casablanca |
| 206-030-034 | D, 8002 | Wendt Ranch Detention Basin |

Maintenance and monitoring responsibilities for the remaining properties within the GHAD, not listed above, are the responsibility of the individual property owners, although a number of parcels have been offered to the GHAD, but have not yet been accepted by the GHAD due to punchlist items remaining to be completed. Within this budget, it is anticipated that during the 2019/20 fiscal year, additional parcels within the Alamo Creek development will be transferred to the Wendt Ranch GHAD and these expenses have been anticipated in the 2019/20 budget estimates.

The fiscal year for the Wendt 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 2: Actual CPI Adjustments and Assessment Limit for Single Family Residential Properties

| FISCAL YEAR | SAN FRANCISCO- OAKLAND-HAYWARD CPI (JUNE /JUNE) | ASSESSMENT LIMIT | ANNUAL ASSESSMENT LEVY |
|-------------|---|------------------|---------------------------|
| 2005/06 | | \$422.00 | \$300.00 |
| 2006/07 | 3.93% | \$438.57 | \$311.78 |
| 2007/08 | 3.36% | \$453.30 | \$322.25 |
| 2008/09 | 4.19% | \$472.30 | \$335.75 |
| 2009/10 | 0.23% | \$473.37 | \$336.51 |
| 2010/11 | 1.07% | \$478.45 | \$340.12 |
| 2011/12 | 2.43% | \$490.06 | \$348.37 |
| 2012/13 | 2.64% | \$502.98 | \$357.55 |
| 2013/14 | 2.56% | \$515.84 | \$366.69 |
| 2014/15 | 3.00% | \$531.32 | \$377.70 |

| FISCAL YEAR | SAN FRANCISCO-OAKLAND-HAYWARD CPI (JUNE /JUNE) | ASSESSMENT LIMIT | ANNUAL ASSESSMENT LEVY |
|-------------|--|------------------|------------------------|
| 2015/16 | 2.29% | \$543.49 | \$386.35 |
| 2016/17 | 2.67% | \$558.01 | \$396.67 |
| 2017/18 | 3.48% | \$577.44 | \$410.48 |
| 2018/19 | 3.91% | \$600.00 | \$426.52 |

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. The assessment limits were adjusted up 3.91 percent from the 2017/18 assessment levels. The final assessment roll prepared for the 2018/19 fiscal year and submitted to the Contra Costa County Assessor’s Office identifies 1,268 properties subject to the levy of the GHAD assessment. The total levy amount for the 2018/19 FY was \$569,025.84.

Based on the San Francisco-Oakland-Hayward CPI data reported through April 2019, for budgeting purposes, we have estimated a FY 2019/20 inflation rate adjustment of 3.5 percent. We estimate that 1,284 residential units will be subject to assessment in FY 2019/20. Parcels are subject to the levy starting the first fiscal year following issuance of a building permit.

In general, the budget amounts listed are based on the Engineer’s Report approved by the Wendt Ranch GHAD Board of Directors in 2005. 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 | | | | |
|---|-------------------------|----------------------|------------------------|---|
| | FY 2018/19 ESTIMATE* | FY 2018/19 BUDGET | FY 2019/20 PROPOSED | PERCENT CHANGE FROM FY 2018/19 |
| MAJOR REPAIRS | | | | |
| Subtotal | \$0 | \$0 | \$0 | 0.0% |
| PREVENTIVE MAINTENANCE AND OPERATIONS - PROFESSIONAL SERVICES | | | | |
| Open Space Scheduled Monitoring Events | \$13,021 | \$16,000 | \$16,000 | |
| Heavy Rainfall Monitoring Events | \$218 | \$8,000 | \$8,000 | |
| Bioretention Cell Scheduled Monitoring Events | \$653 | \$4,000 | \$4,000 | |
| Bioretention Heavy Rainfall Monitoring Events | \$1,351 | \$2,000 | \$2,000 | |
| Transfer of Open Space and GHAD Maintained Improvements | \$7,719 | \$18,000 | \$12,000 | |
| Technical Consultants, Parcel Transfer (Outside Services) | \$1,898 | \$8,000 | \$4,000 | |
| Subtotal | \$24,860 | \$56,000 | \$46,000 | -17.9% |
| PREVENTIVE MAINTENANCE AND OPERATIONS - MAINTENANCE AND OPERATIONS | | | | |
| Sediment Removal - Concrete Structures | \$1,041 | \$6,000 | \$6,000 | |
| Bioretention and other Water Quality Facilities | \$0 | \$15,000 | \$15,000 | |
| Erosion Repairs | \$0 | \$15,000 | \$15,000 | |
| Subdrain Outlets | \$157 | \$1,500 | \$1,500 | |
| Detention Basins | \$8,706 | \$30,000 | \$30,000 | |
| Creek Bank Maintenance | \$0 | \$20,000 | \$20,000 | |
| Slope Stabilization | \$23,072 | \$25,000 | \$25,000 | |
| Trail, Fire Break, and Fence Maintenance | \$16,800 | \$40,000 | \$40,000 | |
| Subtotal | \$49,777 | \$152,500 | \$152,500 | 0.0% |

| USE OF FUNDS | | | | |
|--|-------------------------|----------------------|------------------------|---|
| | FY 2018/19 ESTIMATE* | FY 2018/19 BUDGET | FY 2019/20 PROPOSED | PERCENT CHANGE FROM FY 2018/19 |
| SPECIAL PROJECTS | | | | |
| GPS/GIS Development | \$1,204 | \$5,000 | \$5,000 | |
| Web Site Maintenance/Updates | \$790 | \$2,000 | \$2,000 | |
| Reserve Study | \$3,000 | \$4,000 | \$4,000 | |
| Subtotal | \$4,994 | \$11,000 | \$11,000 | 0.0% |
| ADMINISTRATION AND ACCOUNTING – GHAD MANAGER | | | | |
| Administration and Accounting | \$42,000 | \$42,000 | \$42,000 | |
| Budget Preparation | \$4,000 | \$4,000 | \$4,000 | |
| Subtotal | \$46,000 | \$46,000 | \$46,000 | 0.0% |
| ADMINISTRATION AND ACCOUNTING – OUTSIDE PROFESSIONAL SERVICES | | | | |
| Assessment Roll and Levy Update | \$5,680 | \$5,000 | \$5,000 | |
| Legal Counsel | \$5,693 | \$12,000 | \$12,000 | |
| Treasurer | \$8,800 | \$9,000 | \$10,000 | |
| Contra Costa County Assessor's Fees | \$1,327 | \$1,400 | \$1,400 | |
| California Association of GHADs Membership | \$417 | \$450 | \$450 | |
| Insurance | \$708 | \$3,750 | \$4,500 | |
| Subtotal | \$22,625 | \$31,600 | \$33,350 | 5.5% |

A summary of the proposed Fiscal Year 2019/20 Budget is shown in Table 4.

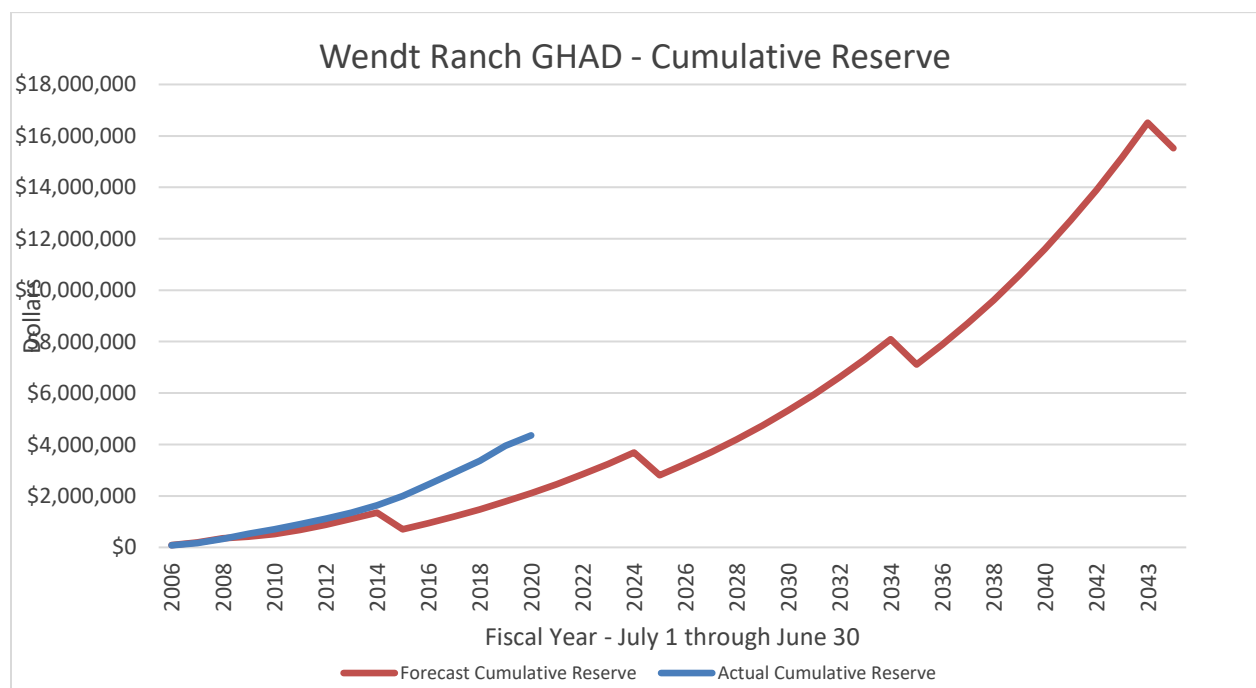
TABLE 4: Summary of Proposed Fiscal Year 2019/20 Budget

| BUDGET ITEM | BUDGET AMOUNT | PERCENT OF TOTAL BUDGET (FY 2019/20) | PERCENT OF TOTAL BUDGET (FY 2018/19) |
|--|------------------|---|---|
| MAJOR REPAIRS | | | |
| Total | \$0 | 0% | 0% |
| PREVENTIVE MAINTENANCE AND OPERATIONS | | | |
| Professional Services | | | |
| Scheduled Monitoring Events | \$16,000 | | |
| Heavy Rainfall Monitoring Events | \$8,000 | | |
| Bioretention Cell Scheduled Monitoring Events | \$4,000 | | |
| Bioretention Heavy Rainfall Monitoring Events | \$2,000 | | |
| Transfer of Open Space and GHAD Maintained Improvements | \$12,000 | | |
| Technical Consultants, Parcel Transfer (Outside Services) | \$4,000 | | |
| Subtotal | \$46,000 | | |

| BUDGET ITEM | BUDGET AMOUNT | PERCENT OF TOTAL BUDGET (FY 2019/20) | PERCENT OF TOTAL BUDGET (FY 2018/19) |
|--|------------------|--------------------------------------|--------------------------------------|
| Maintenance and Operations | | | |
| Sediment Removal - Concrete Structures | \$6,000 | | |
| Bioretention and other Water Quality Facilities | \$15,000 | | |
| Erosion Repairs | \$15,000 | | |
| Subdrain Outlets | \$1,500 | | |
| Detention Basins | \$30,000 | | |
| Creek Bank Maintenance | \$20,000 | | |
| Slope Stabilization | \$25,000 | | |
| Trail, Fire Break, and Fence Maintenance | \$40,000 | | |
| Subtotal | \$152,500 | | |
| Preventive Maintenance and Operations | Total | \$198,500 | 29% |
| SPECIAL PROJECTS | | | |
| Reserve Study | \$4,000 | | |
| GPS/GIS Development | \$5,000 | | |
| Web Site Maintenance and Updates | \$2,000 | | |
| Total | \$11,000 | 1% | 2% |
| ADMINISTRATION AND ACCOUNTING – GHAD MANAGER | | | |
| Administration and Accounting | \$42,000 | | |
| Annual Report and Budget Preparation | \$4,000 | | |
| Subtotal | \$46,000 | 7% | 8% |
| Outside Professional Services - Nontechnical Assessment Roll and Levy Update Preparation | \$5,000 | | |
| Legal Counsel | \$12,000 | | |
| Wendt Ranch GHAD Treasurer | \$10,000 | | |
| Contra Costa County Assessor's Fees | \$1,400 | | |
| California Association of GHADs Membership | \$450 | | |
| Insurance | \$4,500 | | |
| Subtotal | \$33,350 | 5% | 5% |
| Administration and Accounting | Total | \$79,350 | |
| Proposed Expenditures | Total | \$288,850 | 42% |
| | | | 51% |

| BUDGET ITEM | BUDGET AMOUNT | PERCENT OF TOTAL BUDGET (FY 2019/20) | PERCENT OF TOTAL BUDGET (FY 2018/19) |
|--|--------------------|--------------------------------------|--------------------------------------|
| ESTIMATED REVENUE | | | |
| Beginning Balance | | | |
| Balance (June 30, 2018) | \$3,358,687 | | |
| Estimated FY 2018/19 Revenue | | | |
| Estimated Assessment Revenue | \$569,026 | | |
| Estimated Assessment Interest/Dividend Revenue | \$169,578 | | |
| Estimated Expenses 2018/19 Expenses | | | |
| Estimated Expenses through 6/30/2019 | \$148,254 | | |
| ESTIMATED RESERVE ON JUNE 30, 2019 | \$3,949,037 | | |
| Estimated 2019/20 Revenue | | | |
| Estimated FY 2019/20 Assessment | \$596,005 | | |
| Estimated FY 2019/20 Interest/Dividend | \$97,485 | | |
| Estimated 2019/20 Expenses | | | |
| Estimated Expenses through June 30, 2020 | \$288,850 | | |
| ESTIMATED RESERVE ON JUNE 30, 2020 | \$4,353,677 | | |

At the beginning of the 2019/20 fiscal year, the cumulative reserve is estimated at \$3,949,037 and about \$4,353,677 at the end of the 2019/20 fiscal year. As shown on the graph below, the forecast cumulative reserve is above the amount estimated in the 2005 Engineer's Reports and is estimated to reach approximately \$16,920,000 by 2045. The GHAD reserve is intended to fund unanticipated expenses that may occur.



We attribute the additional reserve accumulation to a number of factors including: (1) The Wendt Ranch GHAD has not yet accepted monitoring and maintenance responsibilities for open space surrounding the Alamo Creek 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 has not been necessary within the GHAD-maintained areas; and (4) the budgets submitted and expenditures made by the current 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 2019/20 (July 1, 2019 through June 30, 2020), the payment limit is set at \$121,875. 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 4: Payment Limit

| TASK | AMOUNT |
|--|----------------------|
| Scheduled Monitoring Events | \$16,000 |
| Heavy Rainfall Monitoring Events | \$8,000 |
| Bioretention Cell Scheduled Monitoring Events | \$4,000 |
| Bioretention Heavy Rainfall Monitoring Events | \$2,000 |
| Transfer of Parcels | \$12,000 |
| Concrete-Lined Drainage Ditch Maintenance | \$900 ¹ |
| Bioretention and other Water Quality Facilities | \$2,250 ¹ |
| Erosion Repairs | \$2,250 ¹ |
| Subdrain Outlets | \$225 ¹ |
| Detention Basins | \$4,500 ¹ |
| Creek Bank Maintenance | \$3,000 ¹ |
| Slope Stabilization | \$3,750 ¹ |
| Trail, Fire Break, and Fence Maintenance | \$6,000 ¹ |
| Special Projects (GPS, Website, and Reserve Study) | \$11,000 |
| Administration and Accounting | \$42,000 |
| Budget Preparation | \$4,000 |
| Total | \$121,875 |

¹Dependent on maintenance and/or repair activities by the GHAD during FY 2019/20. ENGE0 payment limit is estimated at 20% of the total budget item.

PREVENTIVE MAINTENANCE AND OPERATIONS

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 Wendt 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 2019/20 fiscal year. The reserve portion of the budget allows for funding toward these unpredictable events.

PREVENTIVE MAINTENANCE AND OPERATIONS

Professional Services

Open Space Scheduled Monitoring Events

As provided in the Plan of Control, there are two scheduled monitoring events within the GHAD that will occur during each calendar year including geotechnical instrument monitoring.

Estimated budget \$16,000

Open Space Heavy Rainfall Events

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

Estimated budget \$8,000

Bioretention Cell Scheduled Monitoring Events

As provided in the Design Report and Operations and Maintenance Manual for Bioretention Facilities, there are two scheduled monitoring events for the two bioretention cells within the GHAD that will occur during November and May.

Estimated budget \$4,000

Bioretention Heavy Rainfall Events

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

Estimated budget \$2,000

Transfer of Open Space – Alamo Creek

We anticipate in this budget that ownership, maintenance and monitoring responsibilities of additional open space within the Alamo Creek Development may be offered to the GHAD during the 2018/19 fiscal year. As provided in the Plan of Control, the transfer process includes inspections and verification of proper maintenance or condition of the GHAD-maintained improvements.

Estimated budget \$12,000

Technical Consultants, Parcel Transfer (Outside Services)

As part of the transfer process, the GHAD plans to contract with Darwin Myers Associates to provide for third party review of the GHAD-maintained improvements prior to transfer.

Estimated budget \$4,000

Maintenance and Operations

Sediment Removal - Concrete Structures

This budget item is to provide for the periodic removal of vegetation, cleaning, sealing and minor repair of concrete-lined drainage ditches within the Mustang Soccer Fields, Wendt Ranch, and Intervening Properties (Monterosso) developments.

Estimated budget \$6,000

Bioretention and other Water Quality Facilities

The budget item allows for ongoing maintenance activities as described in the operations and maintenance manual.

Estimated budget \$15,000

Erosion Repairs

This is for unanticipated minor erosion repairs, including those that may occur during the 2018/19 fiscal year.

Estimated budget \$15,000

Subdrain Outlets

This budget item provides for subdrain outlets to be located, relocated, and marked as necessary.

Estimated budget \$1,500

Detention Basins

The budget allows for ongoing maintenance activities.

Estimated budget \$30,000

Creek Bank Maintenance

Anticipated tasks under this budget item include the repair of slope or creek erosion and removal of debris from creek channel culverts.

Estimated budget \$20,000

Slope Stabilization

This is for unanticipated minor repairs, including slope instability or erosion, which may occur during the 2019/20 fiscal year.

Estimated budget \$25,000

Trail, Fire Break and Fence Maintenance

This budget item includes annual firebreak mowing, gravel-surfaced road maintenance, trail maintenance, and fence repairs, which may occur during the 2018/19 fiscal year.

Estimated budget \$40,000

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 of a GIS database. The database facilitates and streamlines the tracking of location, maintenance, and repair activities and automate the communication of this information to affected parties. 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

To allow for greater access to information about the Wendt Ranch GHAD, the GHAD has provided a budget item to update and maintain the existing website launched during the 2013/2014 fiscal year.

Estimated budget \$2,000

Reserve Study

During fiscal year 2019/20, an updated 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.

Estimated budget \$4,000

ADMINISTRATION AND ACCOUNTING

GHAD Manager

Administration and Accounting

Administrative expenses include the GHAD 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 \$42,000

Budget Preparation

This budget provides for the preparation of the annual report and budget.

Estimated budget \$4,000

Outside Professional Services – Nontechnical

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 \$5,000

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 \$10,000

Contra County Assessor's Fees

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

Estimated cost \$1,400

California Association of GHADs Membership

The GHAD maintains membership in the California Association of GHADs.

Estimated cost \$450

Insurance

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

Estimated cost \$4,500