



**Contra  
Costa  
County**

To: Blackhawk GHAD Board of Directors

From: Patricia E. Curtin, GHAD Attorney and General Manager

Date: July 11, 2017

Subject: Blackhawk GHAD Budget adoption and fiscal year update

**RECOMMENDATION(S):**

ADOPT Blackhawk GHAD Resolution No. 2017/01 adopting the GHAD budget for 2017/2018 fiscal year and updating GHAD Manager payment limit under the Consulting Services Agreement; RECEIVE information on unanticipated expenditures for fiscal year 2016/2017 for increased operations and management costs not to exceed \$600,000 and AUTHORIZE an additional \$35,000 to the annual payment limit for the GHAD General Manager in 2016/2017; and RECEIVE the GHAD Statement of Investment Policy prepared by the GHAD Treasurer.

**FISCAL IMPACT:**

The GHAD is funded 100% through assessments levied on properties within the GHAD. Therefore, there is no impact to the County's General Fund.

**BACKGROUND:**

On June 4, 1985, the Contra Costa County Board of Supervisors adopted Resolution No. 85/289 approving the formation of the Blackhawk Geologic Hazard Abatement District (GHAD) and appointed itself to serve as the GHAD Board of Directors.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY

☐ RECOMMENDATION OF BOARD

ADMINISTRATOR

COMMITTEE

Action of Board On: **07/11/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor

Candace Andersen, District II  
Supervisor

Diane Burgis, District III Supervisor

Karen Mitchoff, District IV  
Supervisor

Federal D. Glover, District V  
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: July 11, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Amara Morrison  
510.834.6600

cc:

**ACTIONS:**

Annual Budget. The GHAD Board is requested to adopt a budget for the GHAD operations each fiscal year. The GHAD Board is being requested to adopt the fiscal year budget for 2017/2018 as prepared by the GHAD General Manager, Sands Construction Company, Inc., which is attached to Resolution No. 2017/0I as Exhibit A. The budget

## BACKGROUND: (CONT'D)

identifies the GHAD Manager annual payment limit as \$391,200. The increase in the annual payment limit from 2016/2017 is due to the near doubling of work that will be required of the GHAD Manager in fiscal year 2017/2018 resulting from the excessive amount of rainfall this past winter.

Unanticipated Expenditures. Expenses for fiscal year 2016/2017 are anticipated to exceed the 2016/2017 budget by up to \$600,000. As required by GHAD Resolution No. 2011/01 approving the GHAD Manager's contract, if funds are expended in excess of the approved budget, the GHAD Manager is required to report on the expenditure of these funds. These additional expenditures were necessary given the extraordinary rain amounts experienced this past winter which impacted GHAD-managed property and the GHAD's necessary response to these rain events. Also, additional funds were necessary to defend the GHAD before and at trial in *Feiger v. Blackhawk Corp, et. al.*, a lawsuit wherein the GHAD was a named party (this lawsuit was successfully litigated in favor of the GHAD).

Finally, the 2016/2017 GHAD budget, approved by Resolution No. 2016/01, identified a total annual payment limit for the GHAD General Manager of \$163,000. The General Manager has exceeded the payment limit by \$35,000 in response to emergency repairs resulting from the excessive rainfall this past winter; the General Manager is seeking Board authorization for this increase as required by Exhibit A to Resolution 2011/01.

The GHAD General Manager, Attorney and Treasurer are working to submit requests for FEMA assistance to cover the increased costs.

Statement of Investment Policy. The GHAD Manager, Attorney, and Treasurer recommend that the GHAD Board review and acknowledge receipt of an annual Statement of Investment Policy which sets forth a prudent and systematic investment relative to the monies generated by the GHAD property assessments. These activities help ensure the appropriate management of the GHAD investment portfolio in order to achieve a meaningful return on investment.

The responsibility for conducting the GHAD investment program is delegated to the Treasurer, who has established written procedures for the operation of the investment program, consistent with the Statement of Investment Policy. The Treasurer coordinates closely with the GHAD Manager on budget, cash flow and disbursements and is responsible for managing the investment of GHAD revenues and reserve funds. The Treasurer has further authority, with consent of the GHAD Board of Directors, to engage the services of one or more third party custodians ("Custodian") to provide safekeeping and custody of assets.

The GHAD-law does not include any direction or prohibitions on investment practices

for GHAD funds. Government Code Sections 53601, 53607, and 53646 of the State of California regulate investment practices. The Statement of Investment Policy uses the State's provisions for local government investments as a starting point for developing and implementing the GHAD's investment policies and practices.

Finally, the GHAD's Statement of Investment Policy shall be reviewed regularly by the GHAD Manager and Treasurer. The Board of Directors shall approve all substantive modifications of the Policy.

The Statement of Investment Policy is attached to Resolution No. 2017/01 as Exhibit B.

CONSEQUENCE OF NEGATIVE ACTION:

The GHAD will not be able to continue operation starting July 1, 2017 if the budget is not approved.

ATTACHMENTS

Exhibit A Resolution No. 2017/01

Exhibit B Blackhawk GHAD Program Budget