

**WIEDEMANN RANCH GEOLOGIC HAZARD ABATEMENT DISTRICT
PROGRAM BUDGET FOR FISCAL YEAR 2020/21**

June 2, 2020

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 2020/21

Dear Board Members:

Attached is the program budget for the Wiedemann Ranch Geologic Hazard Abatement District (GHAD) for the Fiscal Year 2020/21. The program budget as proposed is \$331,375. The budget expenses break down into the following approximate percentages of the total revenue.


- Major Repair 0 percent
- Preventive Maintenance and Operations 27 percent
- Special Projects 1 percent
- Administration and Accounting 6 percent
- Additional - Outside Professional Services 8 percent
- Reserve 58 percent

The budget anticipates FY 2020/21 revenue of \$798,969 with an estimated contribution of \$467,594 to the reserve fund. A summary of the expenses is shown on 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. 3586.002.019



Haley Trindle
ht/eh/jf

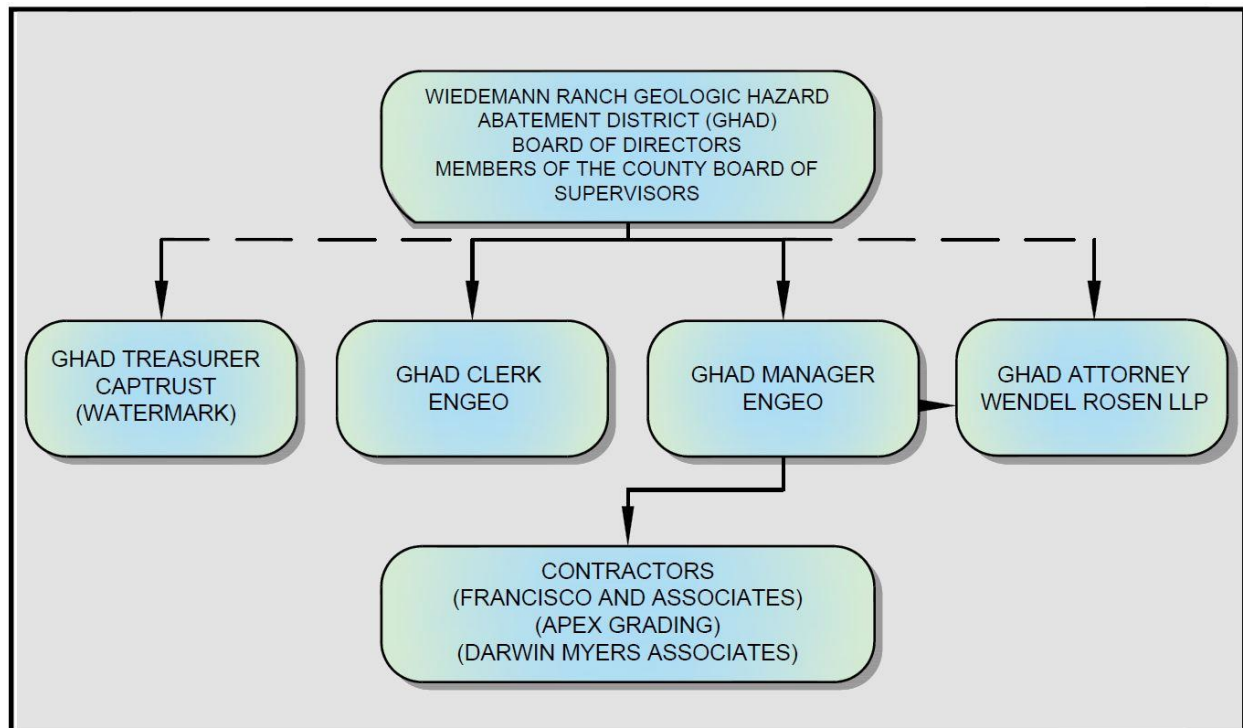


Eric Harrell

**Wiedemann Ranch Geologic Hazard Abatement District
Program Budget
Fiscal Year 2020/21**

The following budget summarizes the anticipated expenditures for fiscal year 2020/21 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 for all of the parcels 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 2020/21. 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 and future GHAD-owned parcels within the Red Hawk development were offered to the GHAD in September 2019, but have not yet been accepted by the GHAD with developer required maintenance or repair of future GHAD-maintained improvements in progress. In the current budget, we have anticipated that GHAD responsibilities within the Elworthy Ranch and Red Hawk developments will be transferred to the GHAD during FY 2020/21.

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 AND LEVY			
		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% ¹	\$954.43 ¹	\$924.11 ¹	\$1,601.03 ¹	\$2,684.60 ¹

¹Estimate based on Consumers Price Index through April 2020.

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 2019/20 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 2019/20 was \$10,303.66 (\$792.59 per apartment unit). The total levy amount for the 2019/20 FY was \$638,642.72.

Based on the San Francisco-Oakland-Hayward CPI data reported through April 2020, for budgeting purposes, we have estimated a FY 2020/21 inflation rate adjustment of 1 percent. We estimate that 576 parcels with 588 residential units will be subject to assessment in FY 2020/21.

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.

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 2: Summary of Use of Funds

USE OF FUNDS				
	FY 2019/20 ESTIMATE*	FY 2019/20 BUDGET	FY 2020/21 PROPOSED	PERCENT CHANGE FROM FY 2019/20
Major Repairs				
Subtotal	\$0	\$0	\$0	0.0%
Preventive Maintenance and Operations - Professional Services				
Open Space Scheduled Monitoring Events	\$18,255	\$21,000	\$24,000	
Heavy Rainfall Monitoring Events	\$0	\$6,000	\$6,000	
Transfer of Open Space and GHAD Maintained Improvements	\$10,768	\$12,000	\$10,000	
Technical Consultants, Parcel Transfer (Outside Services)	\$0	\$4,000	\$4,000	
Subtotal	\$29,022	\$43,000	\$44,000	2.3%
Preventive Maintenance and Operations - Maintenance and Operations				
Sediment Removal Concrete Structures	\$11,250	\$16,500	\$19,500	
Erosion Control	\$6,874	\$65,000	\$85,000	
Slope Stabilization	\$7,963	\$75,000	\$70,000	
Subtotal	\$26,087	\$156,500	\$174,500	9.5%
Special Projects				
GPS/GIS Development	\$89	\$5,000	\$5,000	
Web Site Maintenance/Updates	\$2,387	\$2,000	\$1,000	
Reserve Study	\$4,000	\$4,000	\$0	
Subtotal	\$6,476	\$11,000	\$6,000	-45.5%
Administration and Accounting – GHAD Manager				
Administration and Accounting	\$30,000	\$30,000	\$42,000	
Budget Preparation	\$4,500	\$4,500	\$4,500	
Subtotal	\$34,500	\$34,500	\$46,500	34.8%
Administration and Accounting – Outside Professional Services				
Assessment Roll and Levy Update	\$3,060	\$4,500	\$2,625	
Legal Counsel	\$6,820	\$12,000	\$12,000	
Treasurer	\$14,145	\$14,500	\$30,000	
Contra Costa County Assessor's Fees	\$739	\$775	\$750	
California Association of GHADs Membership	\$400	\$250	\$250	
Insurance	\$801	\$8,000	\$14,750	
Subtotal	\$25,965	\$40,025	\$60,375	50.8%
Total	\$122,051	\$285,025	\$331,375	16.3%

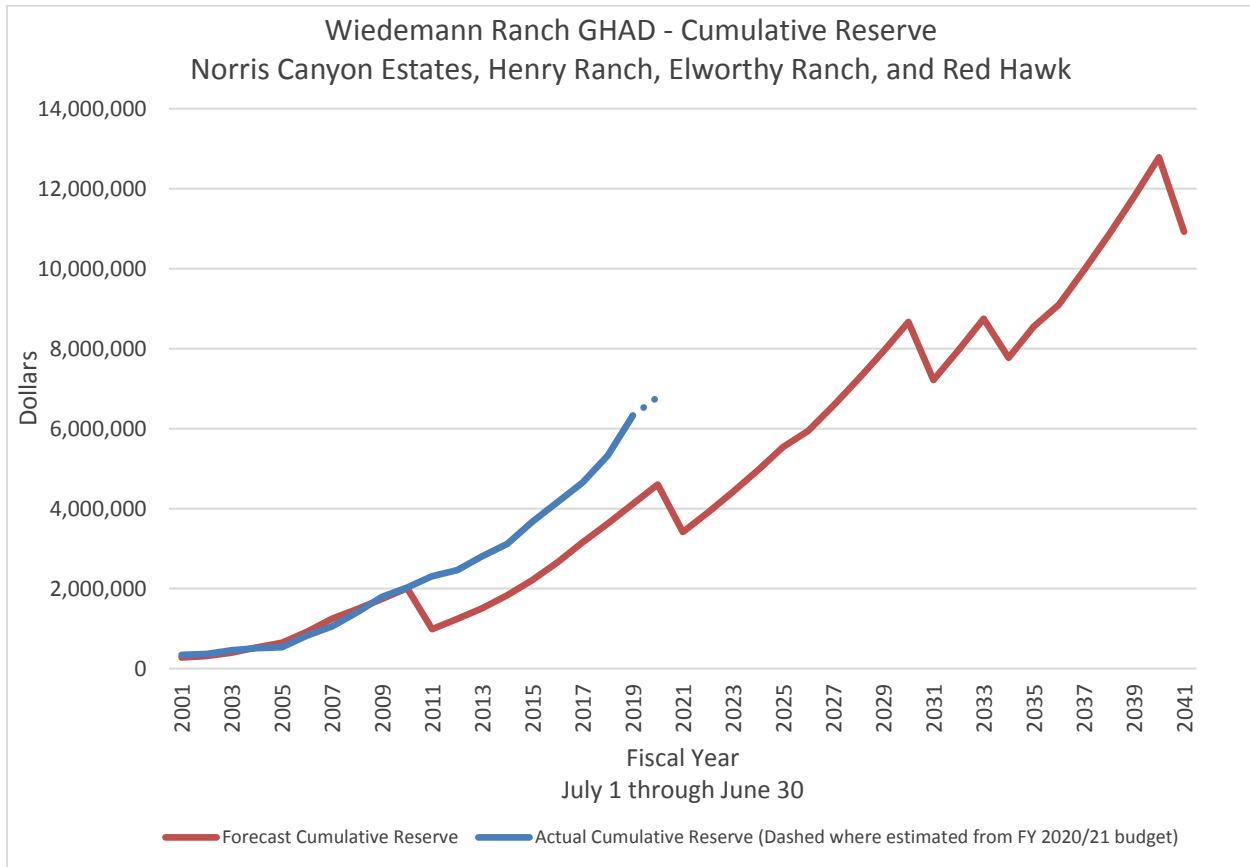
A summary of the proposed Fiscal Year 2020/21 Budget is shown in Table 3.

TABLE 3: Summary of Proposed Fiscal Year 2020/21 Budget

BUDGET ITEM	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2020/21)	PERCENT OF TOTAL BUDGET (FY 2019/20)	
MAJOR REPAIRS				
TOTAL	\$0	0%	0%	
PREVENTIVE MAINTENANCE AND OPERATIONS				
Professional Services				
Scheduled Monitoring Events	\$24,000			
Heavy Rainfall Monitoring Events	\$6,000			
Transfer of Subdivisions 7575, 7996, 7998, Elworthy Ranch, and Red Hawk	\$10,000			
Transfer of Subdivisions 7575, 7996, 7998, Elworthy Ranch, and Red Hawk	\$4,000			
Subtotal	\$44,000			
Maintenance and Operations				
Concrete-Lined Drainage Ditches and Maintenance Roads	\$19,500			
Erosion Control including Creek Channels	\$85,000			
Slope Stabilization	\$70,000			
Subtotal	\$174,500			
TOTAL	\$218,500	27%	26%	
SPECIAL PROJECTS				
GPS/GIS Development	\$5,000			
Web Site Maintenance and Updates	\$1,000			
TOTAL	\$6,000	1%	1%	
ADMINISTRATION AND ACCOUNTING				
Administration and Accounting – GHAD Manager				
Administration and Accounting	\$42,000			
Annual Report and Budget Preparation	\$4,500			
Subtotal	\$46,500	6%	4%	
Administration and Accounting - Outside Professional Services - Nontechnical				
Assessment Roll and Levy Update Preparation	\$2,625			
Legal Counsel	\$12,000			
Wiedemann Ranch GHAD Treasurer	\$30,000			
Contra Costa County Assessor's Fees	\$750			
California Association of GHADs Membership	\$250			
Insurance	\$14,750			
Subtotal	\$60,375	8%	5%	
TOTAL	\$106,875			
PROPOSED EXPENDITURES	TOTAL	\$331,375	42%	36%

BUDGET ITEM	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2020/21)	PERCENT OF TOTAL BUDGET (FY 2019/20)
ESTIMATED REVENUE			
Beginning Balance – July 1, 2019	\$5,449,775		
ESTIMATED FY 2019/20 REVENUE			
Estimated Assessment Revenue	\$638,643		
Estimated Interest/Dividend Revenue	\$356,224		
ESTIMATED 2019/20 EXPENSES			
Estimated Expenses through 6/30/2020	(\$122,051)		
ESTIMATED RESERVE ON JUNE 30, 2020	\$6,322,590		
ESTIMATED 2020/21 REVENUE			
Estimated FY 2020/21 Assessment	\$645,029		
Estimated FY 2020/21 Interest/Dividend	\$153,940		
ESTIMATED 2020/21 EXPENSES			
Estimated Expenses through June 30, 2021	(\$331,375)		
ESTIMATED RESERVE ON JUNE 30, 2021	\$6,790,184		

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.



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) nine 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 2020/21 (July 1, 2020 through June 30, 2021), the payment limit is set at \$119,650. 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	\$24,000
Heavy Rainfall Monitoring Events	\$6,000
Transfer of Parcels	\$10,000
Concrete-Lined Drainage Ditch Maintenance	\$3,900 ¹
Erosion Control	\$12,750 ¹
Slope Stabilization	\$10,500 ¹
Special Projects (GPS, Website, and Reserve Study)	\$6,000
Administration and Accounting	\$42,000
Budget Preparation	\$4,500
TOTAL	\$119,650

¹Dependent on maintenance and/or repair activities by the GHAD during FY 2020/21. ENGEO 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 2020/21 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 2020/21 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 two scheduled monitoring events within the GHAD during each calendar year. **Estimated budget \$24,000**

Heavy Rainfall Events

We have budgeted for two heavy rainfall-monitoring events during the 2020/21 winter season. **Estimated budget \$6,000**

Transfer of Parcels within Norris Canyon Estates, Elworthy Ranch, and Red Hawk 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. GHAD maintained improvements within the Red Hawk (Podva) development were eligible for transfer in FY 2019/20. We have provided a budget estimate for the ongoing transfer process activities within the GHAD. **Estimated budget \$10,000**

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 2020/21 fiscal year.

Estimated budget \$4,000

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 \$19,500

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 \$85,000

Slope Stabilization

This is for minor repairs, including slope instability or erosion, which may occur during the 2020/21 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 \$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 2020/21 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 \$1,000

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 \$42,000

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 \$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 \$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 budget \$30,000

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. In fiscal year 2020/21, the GHAD will likely obtain ownership of open space within the Elworthy Ranch and Red Hawk developments; therefore, insurance payments for FY2020/21 (partial) and FY2021/22 will likely occur in FY 2020/21.

Estimated budget \$14,750