

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



May 8, 2023

Hayward Geologic Hazard Abatement District Board of Directors

- Chair Mark Salinas
- Boardmember Angela Andrews
- Boardmember Ray Bonilla Jr.
- Boardmember Dan Goldstein
- Boardmember Julie Roche
- Boardmember George Syrop
- Boardmember Francisco Zermeño

Hayward Geologic Hazard Abatement District
 777 B Street
 Hayward, CA 94541

Subject: The Reserve (La Vista) Development
 Hideaway (Ersted Property) Development
 Hayward SoMi Development
 Hayward Geologic Hazard Abatement District
 Hayward, California

PROGRAM BUDGET FOR FISCAL YEAR 2023/24

Dear Chair Salinas and Boardmembers:

Attached is the program budget for the Hayward Geologic Hazard Abatement District (GHAD) for Fiscal Year (FY) 2023/24. The proposed program budget is \$162,125. The budget expenses break down into the following amounts.


Major Repair	\$0
Preventive Maintenance and Operations	\$114,500
Special Projects	\$0
Administration	\$28,700
Additional - Outside Professional Services.....	\$18,925

The budget anticipates FY 2023/24 revenue of \$135,295 with an estimated decrease of \$26,830 in 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,

Hayward Geologic Hazard Abatement District
 ENGEO Incorporated, GHAD Manager
 ENGEO Project No. 6671.002.022

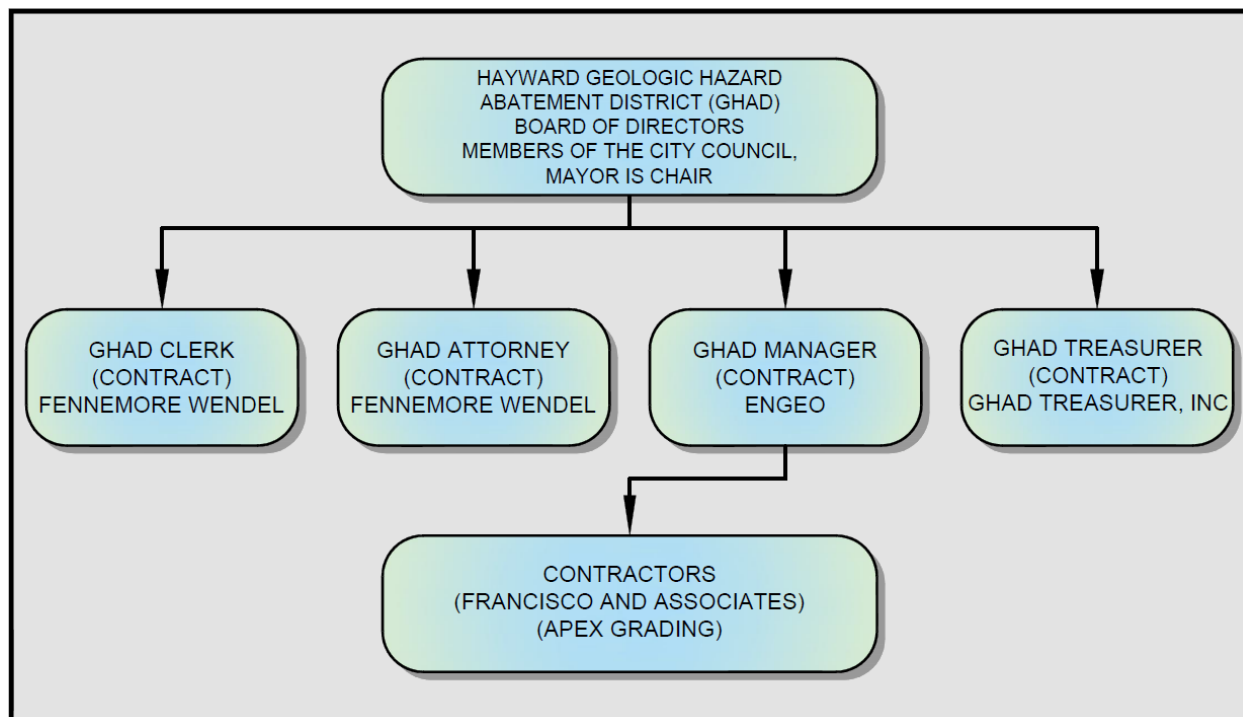

 Haley Ralston
 hjr/eh/ar


 Eric Harrell

**HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT
 PROPOSED PROGRAM BUDGET
 FISCAL YEAR 2023/24**

The following proposed program budget summarizes the anticipated revenues and expenditures for FY 2023/24 for the Hayward Geologic Hazard Abatement District (GHAD), which includes The Reserve (formerly known as La Vista (Tract 7620)), Hideaway (formerly known as Ersted Property (Tract 8439)), and Hayward SoMi (Tracts 8605 and 8614) developments. The structure of the Hayward GHAD is shown below.

EXHIBIT 1: Hayward GHAD



The GHAD has accepted maintenance and monitoring responsibilities for the following parcels within the District for only The Reserve (La Vista) development as listed on Table 1. In addition, those parcels that are owned by the GHAD are identified. Maintenance, monitoring responsibilities, and ownership for the listed parcels were accepted by resolution on February 25, 2020.

TABLE 1: Accepted Parcels within The Reserve Development

ASSESSOR'S PARCEL NUMBER	DESCRIPTION (Tract 7620)	GHAD OWNERSHIP
83-477-4	Parcel C	Yes
83-480-1	Parcel D	Yes
83-478-1	Parcel E	No
83-478-2	Parcel F	No
83-478-3	Parcel G	No
83-478-4	Parcel H	No
83-478-5	Parcel I	No
83-479-1	Parcel J	No

ASSESSOR'S PARCEL NUMBER	DESCRIPTION (Tract 7620)	GHAD OWNERSHIP
83-479-2	Parcel K	No
83-479-3	Parcel L	No
83-479-4	Parcel M	No
83-480-2	Parcel N	Yes
83-478-6	Parcel O	Yes
83-477-6	Parcel Q	No
83-477-7	Parcel R	No
83-478-7	Parcel S	No
83-477-8	Parcel T	No
83-480-3	Parcel U	Yes
83-480-4	Parcel V	Yes
83-75-2-15	Unsurveyed Remainder	Yes
83-75-2-9	La Vista LP 2006-301610	Yes
83-75-2-11	La Vista LP 2007-408664	Yes
83-75-2-13	La Vista LP 2007-408664	Yes
83-125-1-18	La Vista LP 2007-408664	Yes
83-125-1-21	La Vista LP 2007-408664	Yes
83-477-1	Public Roads	No
Various	Residential Lots 1 through 179	No

Maintenance and monitoring responsibilities for the remaining properties within The Reserve development not listed above are the responsibility of the individual property owners. The parcels listed on Table 2 within The Reserve development have been offered to the GHAD but have not yet been accepted by the GHAD due to "punchlist" items that remain to be completed.

TABLE 2: Parcels not yet accepted within The Reserve Development

ASSESSOR'S PARCEL NUMBER	DESCRIPTION (Tract 7620)	GHAD OWNERSHIP
83-477-2	Parcel A	No
83-480-3	Parcel B	Yes
83-477-5	Parcel P	No

Within this budget, it is anticipated that during the 2023/24 fiscal year, Parcel B may be transferred to the Hayward GHAD and these expenses have been anticipated in FY 2023/24 budget estimates. Based on our discussions with the City of Hayward, construction on the Park site (Parcel "A") will start in early 2023; therefore, the future GHAD-maintained improvements on Parcel A may be offered for transfer in the 2023/24 fiscal year and GHAD expenses for monitoring and maintenance of these improvements are included in this budget.

Parcels within the Hideaway (Ersted) development will be eligible for transfer during the 2023/24 fiscal year, as eligibility occurs a minimum of 3 years after the issuance of the first residential building permit. The first residential permit was issued on December 18, 2020; therefore, transfer of responsibilities cannot occur earlier than December 2023. Additionally, no parcels within the Hayward SoMi development are yet eligible for transfer as eligibility occurs a minimum of 3 years after the issuance of the first residential building permit, which was during fiscal year 2021/2022.

The GHAD is funded through real property assessments. The initial assessment limits were approved by the Board of Directors. 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 annual assessment limits are shown in Table 3.

TABLE 3: Actual CPI Adjustments and Assessment Limit for Residential Properties

FISCAL YEAR	INDEX DATE	SAN FRANCISCO-OAKLAND-HAYWARD CPI (JUNE /JUNE)	THE RESERVE ANNUAL ASSESSMENT LIMIT AND LEVY ¹	ERSTED PROPERTY ANNUAL ASSESSMENT LIMIT AND LEVY ¹	HAYWARD SOMI TOWNHOMES ANNUAL ASSESSMENT LIMIT AND LEVY ¹	HAYWARD SOMI CONDOMINIUMS ANNUAL ASSESSMENT LIMIT AND LEVY ¹
2016/2017			\$1,502.00			
2017/2018	6/30/2017	3.48%	\$1,554.30			
2018/2019	6/30/2018	3.91%	\$1,615.03	\$932.00		
2019/2020	6/30/2019	3.22%	\$1,666.96	\$961.96		
2020/2021	6/30/2020	1.62%	\$1,693.90	\$977.51		
2021/2022	6/30/2021	3.16%	\$1,747.34	\$1,008.35	\$567.00	\$454.00
2022/2023	6/30/2022	6.80%	\$1,866.14 ²	\$1,076.91	\$605.55	\$484.87
2023/2024	2/28/2023	5.0% ³	\$1,959.45 ³	\$1,130.75 ³	\$635.83 ³	\$509.11 ³

¹ If assessment limit is an odd number the annual levy is rounded down to nearest even cent.

² For FY 2022/23 the assessment levy was suspended for The Reserve development only.

³ Assessment limit estimate based on Consumers Price Index through February 2023.

For FY 2022/23, all 179 residential parcels within The Reserve development, all 59 residential parcels in the Hideaway development, and 43 of 189 residential units in the Hayward SoMi development were subject to the levy of a GHAD assessment. Parcels are subject to the levy starting the first fiscal year following issuance of a building permit. As discussed below, an assessment was not levied on residential parcels within The Reserve development in FY 2022/23, as minimum account balance and other conditions were met for this development. The final assessment roll prepared for the 2022/23 fiscal year and submitted to the Alameda County Assessor's Office identified 60 parcels subject to the levy of the GHAD assessment. The total levy amount for the 2022/23 FY was \$87,041.46.

Based on the San Francisco-Oakland-Hayward CPI data reported through February 2023, for budgeting purposes, we have estimated a FY 2023/24 annual inflation rate adjustment of 5 percent. We estimate that 116 residential units will be subject to assessment in FY 2023/24. Parcels are subject to the levy starting the first fiscal year following issuance of a building permit.

As shown on Graph 1 below, in FY 2022/2023 the GHAD has exceeded the target reserve rate of accumulation forecast in the approved 2016 Engineer's Report for The Reserve development. The excess revenue is primarily due to lower expenses than anticipated, as discussed below. In general, we have, and may in the future, recommend an annual assessment 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 Reserve development, the budget prepared provides that the residential parcel levy be suspended for FY 2023/24. Fiscal Year 2023/24 levies for the Hideaway and SoMi Hayward Developments would still be imposed at the assessment limit.

The GHAD Treasurer has estimated that dividend and interest income for FY 2023/24 should be approximately 2 to 3 percent above the rate of inflation. For budgeting purposes, we have assumed the lower estimate (2 percent) when estimating dividend and interest income. The GHAD Treasurer maintains an estimate that the long-term inflation rate will average approximately 2 to 2½ 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 4, based on CPI published through April 2023.

TABLE 4: Estimated Revenue

	FY 2023/24 LEVY/REVENUE ESTIMATE
Residential Units (The Reserve)	0
Residential Units (Hideaway)	59
Residential Units (Hayward SoMi)	57
Assessment Revenue	\$100,295
Investment Income	\$35,000
Total Revenues	\$135,295

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, in its discretion, may reallocate funds within the budget. A description of each of the categories is provided below. In general, the budget amounts listed are based on the Engineer's Reports approved by the Hayward GHAD Board of Directors in 2016 for The Reserve development and in 2019 for the Hideaway 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.

There are currently no major repair projects anticipated in the FY 2023/24 budget within the GHAD-maintained areas of the Hayward GHAD. The reserve portion of the budget allows for funding toward these unpredictable events.

PREVENTIVE MAINTENANCE AND OPERATIONS

Preventive maintenance and operations include slope stabilization services, erosion protection, and professional services within the District. Professional services include site-monitoring events as specified in the GHAD Plan of Control. Slope stabilization and erosion protection responsibilities include the open-space slopes and drainage swales. GHAD-maintained improvements generally include detention and water-quality basins, maintenance roads, concrete-lined drainage ditches, retaining walls, subsurface drainage facilities, storm drain facilities, trails, and debris benches.

SPECIAL PROJECTS

The Special Projects category allows the GHAD to budget for projects beneficial to the GHAD that do not fit into one of the other three categories. Although not proposed in the FY 2023/24 budget, 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 re-evaluate the financial condition of the GHAD.

There are currently no special projects anticipated in the FY 2023/24 budget within the GHAD-maintained areas of the Hayward GHAD.

ADMINISTRATION AND ACCOUNTING

This category includes administrative expenses for tasks of the GHAD Manager, clerical and accounting staff related to the operation and administration of the GHAD. The budget amounts listed are based on the Engineers' Reports approved by the Hayward GHAD Board of Directors in 2016 for The Reserve (La Vista) development and in 2019 for the Hideaway (Ersted Property) development. The budget amounts have been inflation adjusted to provide the listed budget estimates.

TABLE 5: Summary of Proposed Fiscal Year 2023/24 Budget

BUDGET ITEM	FY 2022/2023 BUDGET	FY 2022/2023 ESTIMATED ¹	FY 2023/24 FORECAST	PERCENT OF TOTAL EXPENDITURES (FY 2023/24)
MAJOR REPAIRS				
Total			\$0	0%
PREVENTIVE MAINTENANCE AND OPERATIONS				
Professional Services				
Open Space Scheduled Monitoring Events	\$9,000	\$9,000	\$10,500	
Heavy Rainfall Monitoring Events	\$1,000	\$1,942	\$2,000	
Detention Basin Scheduled Monitoring Events	\$2,000	\$2,000	\$2,000	
Detention Basin Heavy Rainfall Monitoring Event	\$1,000	\$965	\$1,000	
Subtotal	\$13,000	\$13,907	\$15,500	9%
Maintenance and Operations				
Sediment Removal - Concrete Structures	\$9,000	\$9,300	\$10,000	
Water Quality/Detention Basin Facilities	\$10,000	\$5,800	\$10,000	
Trail and Fence Maintenance	\$3,000	\$600	\$6,000	
Slope, Erosion Repairs, and Minor Repairs	\$23,000	\$9,203	\$38,000	
Vegetation Control	\$18,000	\$14,100	\$20,000	
Subdrain Outlets	\$18,000	\$10,939	\$5,000	
Conservation Easement Activities	\$10,000	\$0	\$10,000	
Subtotal	\$91,000	\$49,942	\$99,000	61%
Preventive Maintenance and Operations Total	\$104,000	\$63,849	\$114,500	
SPECIAL PROJECTS				
Total	\$0	\$0	\$0	0%
ADMINISTRATION – GHAD MANAGER				
Administration	\$21,400	\$21,400	\$25,500	
Annual Report and Budget Preparation	\$2,400	\$2,400	\$3,200	
Subtotal	\$23,400	\$23,400	\$28,700	18%
Professional Services - Nontechnical				
Assessment Roll and Levy Update Preparation	\$1,750	\$1,750	\$1,750	
GHAD Attorney	\$7,000	\$7,000	\$7,000	
GHAD Treasurer	\$5,000	\$2,600	\$5,000	
GHAD Clerk	\$1,500	\$1,500	\$1,500	
Alameda County Assessor's Fees	\$1,400	\$1,400	\$2,000	
California Association of GHADs Membership	\$170	\$169	\$175	
Insurance	\$1,350	\$1,500	\$1,500	
Subtotal	\$18,170	\$15,919	\$18,925	12%
Administration and Accounting Total	\$41,570	\$39,319	\$47,625	
TOTAL PROPOSED EXPENDITURES	\$145,570	\$103,168	\$162,125	100%

BUDGET ITEM	FY 2022/2023 BUDGET	FY 2022/2023 ESTIMATED ¹	FY 2023/24 FORECAST	PERCENT OF TOTAL EXPENDITURES (FY 2023/24)
ESTIMATED REVENUE				
Beginning Balance				
Balance (June 30, 2022)	\$993,768			
Estimated FY 2022/23 Revenue				
Assessment Income	\$87,041			
Investment Income	\$21,548			
Estimated Expenses 2022/23				
Estimated Expenses through 6/30/2023	\$102,622			
ESTIMATED RESERVE ON JUNE 30, 2023				
	\$999,735			
Estimated 2023/24 Revenue				
Estimated FY 2023/24 Assessment	\$100,295			
Estimated FY 2023/24 Investment Income	\$35,000			
Estimated 2023/24 Expenses				
Estimated Expenses through June 30, 2024	\$162,125			
ESTIMATED RESERVE ON JUNE 30, 2024				
	\$972,905			

For FY 2023/24, the payment limit for the GHAD Manager, ENGEO, is set at \$62,000. The tasks included within the payment limit may include oversight of maintenance and repair projects, administration, and monitoring events, as summarized in Table 6.

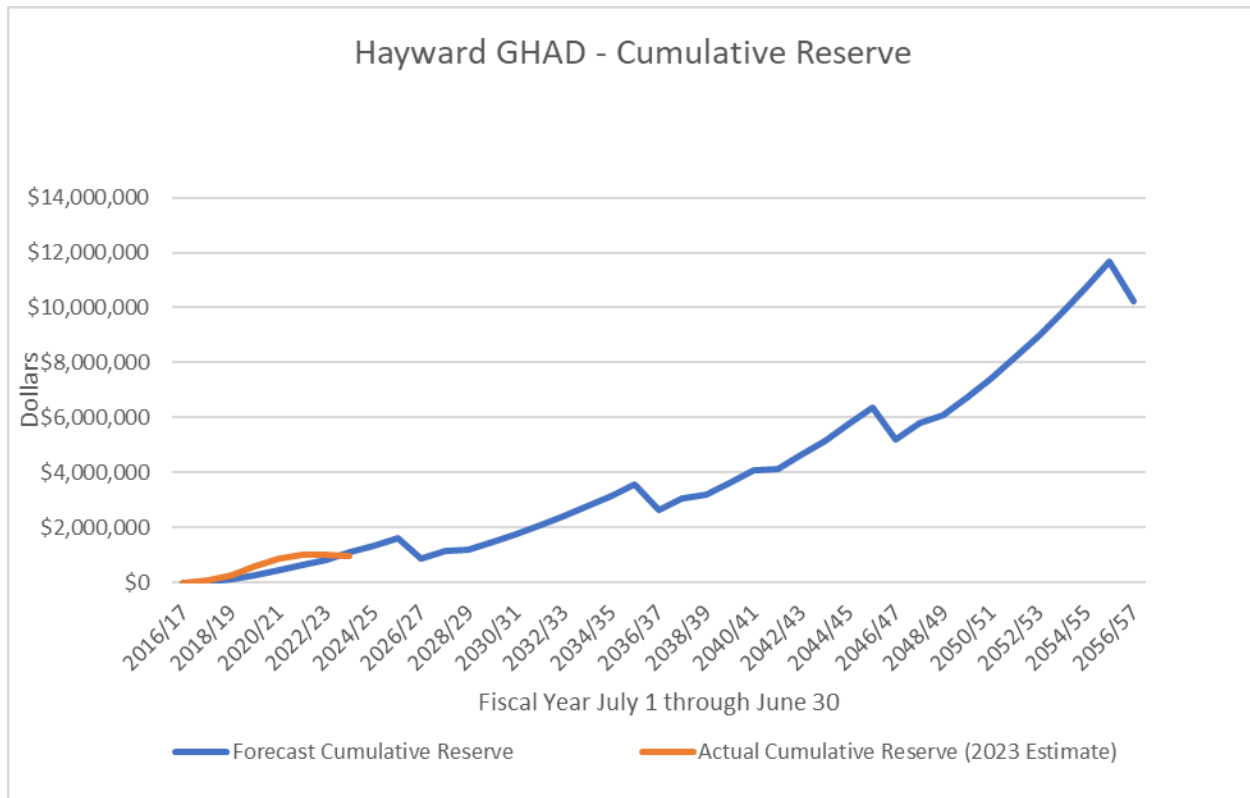
TABLE 6: Payment Limit

TASK	AMOUNT
Scheduled and Heavy Rainfall Monitoring Events	\$15,500
Slope Stabilization and Erosion Repairs ¹	\$7,600
Water Quality Detention Basin Maintenance ¹	\$2,000
Trail and Fence Maintenance ¹	\$1,200
Sediment Removal - Concrete Structures ¹	\$2,000
Vegetation Control ¹	\$4,000
Subdrain Outlets	\$1,000
Administration	\$25,500
Budget Preparation	\$3,200
TOTAL	\$62,000

¹ Dependent on maintenance and/or repair activities by the GHAD during FY 2023/24. The GHAD Manager, ENGEO, payment limit is 20% of the total budget item.

As shown on the graph below, the forecast cumulative reserve is above the amount estimated in the 2016 Engineer’s Reports and is estimated to reach approximately \$10,000,000 by 2056. The GHAD reserve is intended to fund unanticipated expenses that may occur.

GRAPH 1: Forecast and Actual Cumulative Reserve



MAJOR REPAIRS

There are currently no major repair projects anticipated in the FY 2023/24 budget within the GHAD-maintained areas of the Hayward GHAD. While no major repairs are ongoing at this time, by their nature, major repairs, such as landslides, are unpredictable and could occur during FY 2023/24. The reserve portion of the budget allows for the 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.

Estimated Budget: \$10,500

Open Space Heavy Rainfall Events

We have budgeted for one heavy rainfall-monitoring event during the 2023/24 winter season. In the initial Engineer's Report, we anticipated that a heavy rainfall-monitoring event would be needed on average once every two years.

Estimated Budget: \$2,000

Water Quality/Detention Basin 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. The GHAD has not yet acquired detention basin monitoring or maintenance on Parcel A and does not expect to do so during the 2023/24 FY.

Estimated Budget: \$2,000

Water Quality/Detention Basin Heavy Rainfall Events

We have budgeted for one heavy rainfall-monitoring event during the 2023/24 winter season. In the initial Engineer's Report, we anticipated that a heavy rainfall-monitoring event would be needed, on average, once every two years.

Estimated Budget: \$1,000

Maintenance and Operations

Sediment Removal - Concrete Structures

This budget item is to provide for the annual removal of vegetation, cleaning, sealing, and minor repair of concrete-lined drainage ditches within The Reserve development.

Estimated Budget: \$10,000

Water Quality/Detention Basin Facilities

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

Estimated Budget: \$10,000

Trail and Fence Maintenance

This budget item includes gravel-surfaced road maintenance, trail maintenance, and fence repairs, which may occur during the 2023/24 fiscal year.

Estimated Budget: \$6,000

Slope Stabilization, Erosion, and Minor Repairs

This is for unanticipated minor repairs, including slope instability or erosion, which may occur during FY 2023/24.

Estimated Budget: \$38,000

Vegetation Control – Open Space

This budget item includes annual firebreak mowing and litter removal, which will occur during FY 2023/24. This budget item has been increased to allow for a second cutting of fire breaks, as needed.

Estimated Budget: \$20,000

Subdrain Maintenance

This budget item allows for construction of subdrain markers and outfall structures to facilitate future monitoring and maintenance of the subdrain outlets, which are critical to slope stability within The Reserve development. This item was included in the Request for Proposals scope of services and is a one-time expense.

Estimated Budget: \$5,000

Conservation Easement Activities

This budget item includes activities that may be needed in relation to the City of Hayward Conservation Easement or East Bay Regional Park District Conservation Easement in FY 2023/24.

Estimated Budget: \$10,000

SPECIAL PROJECTS

There are currently no special projects anticipated in the FY 2023/24 budget within the GHAD-maintained areas of the Hayward GHAD.

ADMINISTRATION AND ACCOUNTING

GHAD Manager

Administration

Administrative expenses include the GHAD Manager duties related to the operation and administration of the GHAD. The budget estimate for administrative services is derived from the original GHAD budget used to prepare the GHADs Engineer's Report.

Estimated Budget: \$25,500

Budget Preparation

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

Estimated Budget: \$3,200

Outside Professional Services – Nontechnical

Legal Counsel

This budget item allows the GHAD to fund legal counsel for the District. The Board appointed Wendel Rosen to serve as the GHAD Attorney on September 13, 2016, with the approval of Resolution No. 16-002. The duties of the legal counsel may include, but not be limited to, transfer documentation, preparation or review of contracts, grant deeds, right of entry, and board resolutions.

Estimated Budget: \$7,000

Treasurer

This budget item accounts for fees related to the GHAD Treasurer and the investment manager functions. The Board appointed the GHAD Treasurer on September 13, 2016, with the approval of Resolution No. 16-002 and authorized a change in the GHAD Treasurer designation to GHAD Treasurer, Inc. on February 25, 2020, with the approval of Resolution 20-02.

Estimated Budget: \$5,000

Clerk

This budget item allows the GHAD to fund clerk services for the District. The Board appointed Wendel Rosen to serve as the GHAD Clerk on September 13, 2016, with the approval of Resolution No. 16-002.

Estimated Budget: \$1,500

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: \$1,750

Alameda County Assessor's Fees

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

Estimated Budget: \$2,000

California Association of GHADs Membership

The GHAD maintains membership in the California Association of GHADs.

Estimated Budget: \$175

Insurance

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

Estimated Budget: \$1,500