

**HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT
PROGRAM BUDGET FOR FISCAL YEAR 2021/22**



May 14, 2020

Hayward Geologic Hazard Abatement District Board of Directors
Chair Barbara Halliday
Boardmember Aisha Wahab
Boardmember Angela Andrews
Boardmember Sara Lamnin
Boardmember Elisa Márquez
Boardmember Mark Salinas
Boardmember Francisco Zermeño

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

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

PROGRAM BUDGET FOR FISCAL YEAR 2021/22

Dear Chair Halliday and Boardmembers:

Attached is the program budget for the Hayward Geologic Hazard Abatement District (GHAD) for Fiscal Year (FY) 2021/22. The proposed program budget is \$147,560. The budget expenses break down into the following amounts.

Major Repair.....	\$0
Preventive Maintenance and Operations	\$102,000
Special Projects	\$0
Administration	\$22,700
Additional - Outside Professional Services	\$22,860

The budget anticipates FY 2021/22 revenue of \$391,589 with an estimated contribution of \$244,029 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,

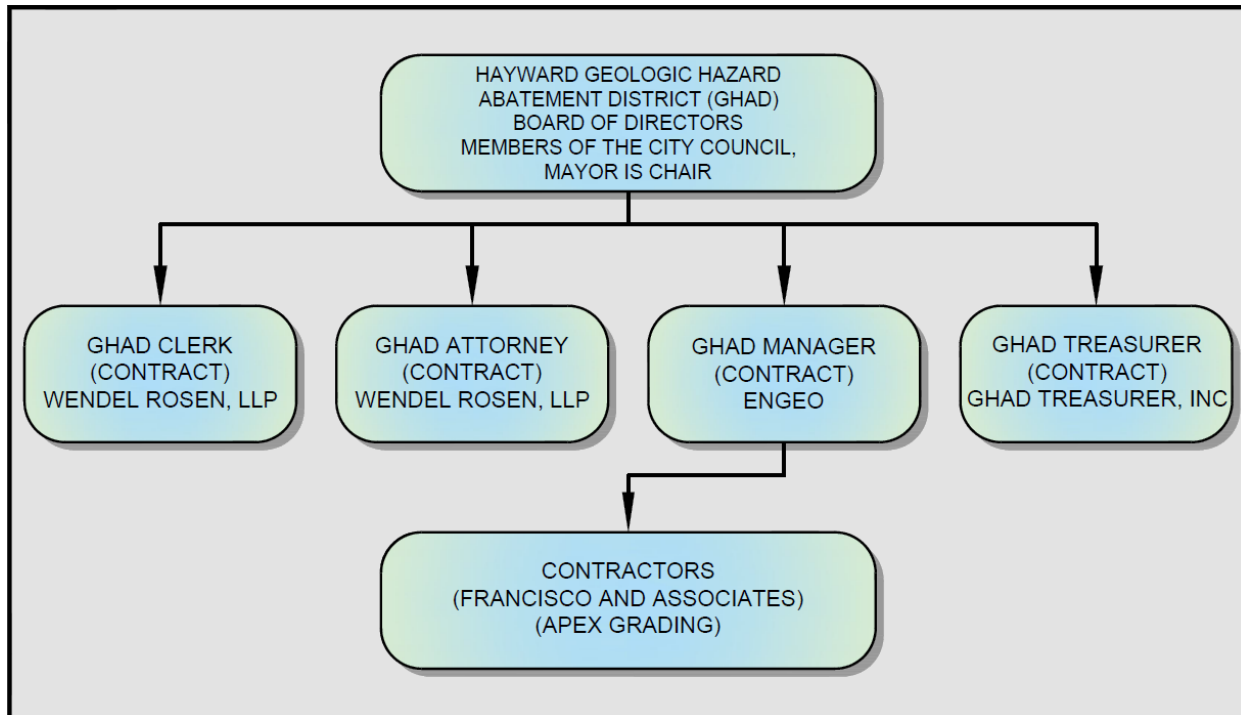
Hayward Geologic Hazard Abatement District
ENGEO Incorporated, GHAD Manager
ENGEO Project No. 6671.002.020

Haley Ralston
hjr/eh/jf

Eric Harrell

**HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT
 PROPOSED PROGRAM BUDGET
 FISCAL YEAR 2021/22**

The following proposed program budget summarizes the anticipated revenues and expenditures for FY 2021/22 for the Hayward Geologic Hazard Abatement District (GHAD), which includes The Reserve (formerly known as La Vista (Tract 7620)) and Ersted Property (Tract 8439) developments. The structure of the Hayward GHAD is shown below.



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
83-479-2	Parcel K	No
83-479-3	Parcel L	No

ASSESSOR'S PARCEL NUMBER	DESCRIPTION (Tract 7620)	GHAD OWNERSHIP
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

No parcels within the Ersted development are yet eligible for transfer 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. Within this budget, it is anticipated that during the 2021/22 fiscal year, Parcels B and P may be transferred to the Hayward GHAD and these expenses have been anticipated in the 2021/22 budget estimates.

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 on 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
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

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

For the FY 2020/21, all 179 residential parcels with The Reserve development were subject to the levy of a GHAD assessment. No parcels within Ersted development were yet subject to the levy of a GHAD assessment in FY 2020/21. Parcels are subject to the levy starting the first fiscal year following issuance of a building permit. The final assessment roll prepared for the 2020/21 fiscal year and submitted to the Alameda County Assessor’s Office identifies 179 properties subject to the levy of the GHAD assessment. The total levy amount for the 2020/21 FY was \$303,208.10.

Based on the San Francisco-Oakland-Hayward CPI data reported through April 2021, for budgeting purposes, we have estimated a FY 2021/22 annual inflation rate adjustment of 4 percent. We estimate that 221 residential units will be subject to assessment in FY 2021/22. Parcels are subject to the levy starting the first fiscal year following issuance of a building permit.

The GHAD Treasurer has estimated that dividend and interest income for FY 2021/22 should be approximately 1½ to 2 percent above the rate of inflation. For budgeting purposes, we have assumed the lower estimate (1½ percent) when estimating dividend and interest income. The GHAD Treasurer maintains an estimate that the long-term inflation rate will average approximately 2 percent, but in FY 2021/22 may be above this level. We have assumed an inflation rate of 4 percent for estimating total revenues in Table 4 based on CPI published through April 2021.

TABLE 4: Estimated Revenue

	FY 2021/22 ESTIMATE
Residential Units (The Reserve)	179
Residential Units (Ersted)	42
Assessment Revenue	\$358,035
Investment Income	\$33,554
Total Revenues	\$391,589

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 Report approved by the Hayward GHAD Board of Directors in 2016. 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 2021/22 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 2021/22 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 reevaluate the financial condition of the GHAD.

There are currently no special projects anticipated in the FY 2021/22 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. The budget amounts have been inflation adjusted to provide the listed budget estimates.

TABLE 5: Summary of Proposed Fiscal Year 2021/22 Budget

BUDGET ITEM	FY 2020/2021 BUDGET	FY 2020/2021 ESTIMATED ¹	FY 2021/22 FORECAST	PERCENT OF TOTAL REVENUE (FY 2021/22)
MAJOR REPAIRS				
Total			\$0	0%
PREVENTIVE MAINTENANCE AND OPERATIONS				
Professional Services				
Open Space Scheduled Monitoring Events	\$7,000	\$7,478	\$8,000	
Heavy Rainfall Monitoring Events	\$1,000	\$0	\$1,000	
Detention Basin Scheduled Monitoring Events	\$2,000	\$2,000	\$2,000	
Detention Basin Heavy Rainfall Monitoring Event	\$1,000	\$522	\$1,000	
Subtotal	\$11,000	\$10,000	\$12,000	3%
Maintenance and Operations				
Sediment Removal - Concrete Structures	\$14,000	\$7,500	\$9,000	
Water Quality/Detention Basin Facilities	\$10,000	\$7,500	\$10,000	
Trail and Fence Maintenance	\$3,000	\$0	\$3,000	
Slope, Erosion Repairs, and Minor Repairs	\$22,000	\$1,000	\$22,000	
Vegetation Control	\$9,000	\$10,220	\$18,000	
Subdrain Outlets	\$0	\$0	\$18,000	
Conservation Easement Activities	\$10,000	\$0	\$10,000	
Subtotal	\$68,000	\$26,220	\$90,000	23%
Preventive Maintenance and Operations Total	\$79,000	\$36,220	\$102,000	
SPECIAL PROJECTS				
Total	\$0	\$0	\$0	0%
ADMINISTRATION – GHAD MANAGER				
Administration				
Administration	\$18,000	\$18,000	\$20,400	
Annual Report and Budget Preparation	\$2,300	\$2,300	\$2,300	
Subtotal	\$20,300	\$20,300	\$22,700	6%
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	\$3,200	\$1,800	\$5,000	
GHAD Clerk	\$1,500	\$1,500	\$1,500	
Alameda County Assessor's Fees	\$2,600	\$5,069	\$6,100	
California Association of GHADs Membership	\$150	\$145	\$160	
Insurance	\$1,100	\$1,350	\$1,350	
Subtotal	\$17,300	\$18,613	\$22,860	6%
Administration and Accounting Total	\$37,600	\$38,913	\$45,560	
TOTAL PROPOSED EXPENDITURES	\$116,600	\$75,134	\$147,560	38%

BUDGET ITEM	FY 2020/2021 BUDGET	FY 2020/2021 ESTIMATED ¹	FY 2021/22 FORECAST	PERCENT OF TOTAL REVENUE (FY 2021/22)
ESTIMATED REVENUE				
Beginning Balance				
Balance (June 30, 2020)	\$583,189			
Estimated FY 2020/21 Revenue				
Assessment Income	\$298,140			
Investment Income	\$30,476			
Estimated Expenses 2020/21				
Estimated Expenses through 6/30/2021	\$75,134			
ESTIMATED RESERVE ON JUNE 30, 2021				
	\$836,671			
Estimated 2021/22 Revenue				
Estimated FY 2021/22 Assessment	\$358,035			
Estimated FY 2021/22 Investment Income	\$33,554			
Estimated 2021/22 Expenses				
Estimated Expenses through June 30, 2022	\$147,560			
ESTIMATED RESERVE ON JUNE 30, 2022				
	\$1,080,700			

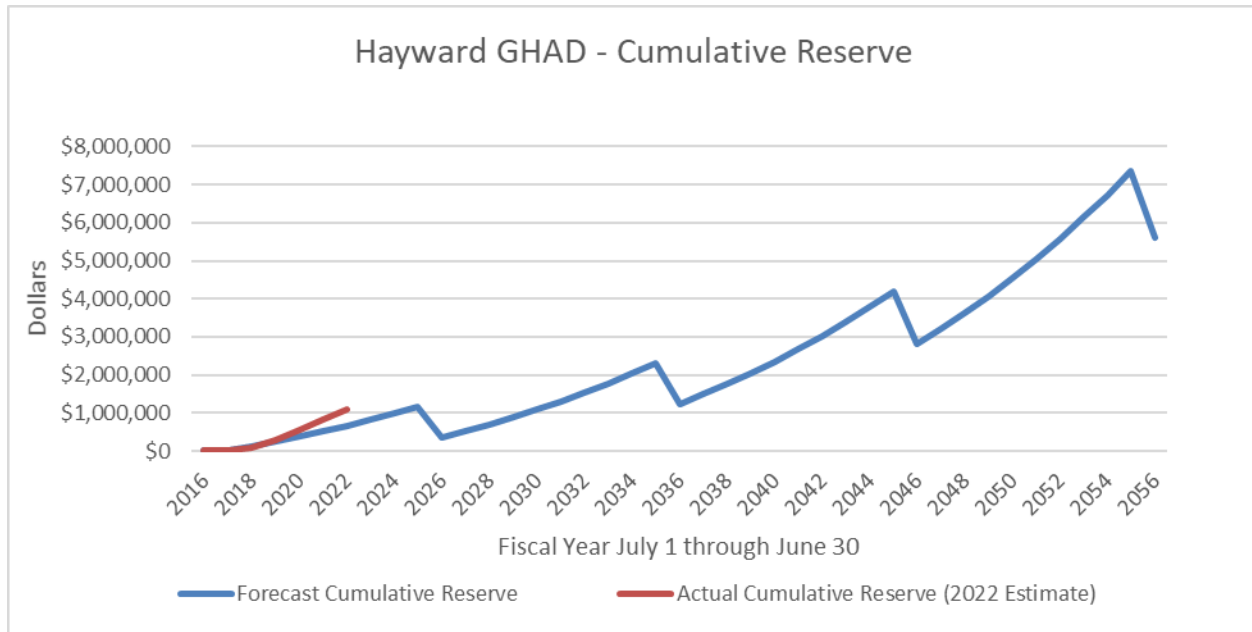
For FY 2021/22, the payment limit for the GHAD Manager, ENGE0, is set at \$52,700. The tasks included within the payment limit may include oversight of maintenance and repair projects, administration, and monitoring events as summarized in Table 6.

TABLE 6: Payment Limit

TASK	AMOUNT
Scheduled and Heavy Rainfall Monitoring Events	\$12,000
Slope Stabilization and Erosion Repairs ¹	\$4,400
Water Quality Detention Basin Maintenance ¹	\$2,000
Trail and Fence Maintenance ¹	\$600
Sediment Removal - Concrete Structures ¹	\$1,800
Vegetation Control ¹	\$3,600
Subdrain Outlets	\$3,600
Conservation Easement Activities ¹	\$2,000
Administration	\$20,400
Budget Preparation	\$2,300
TOTAL	\$52,700

¹Dependent on maintenance and/or repair activities by the GHAD during FY 2021/22. The GHAD Manager, ENGE0, 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 \$5,600,000 by 2056. The GHAD reserve is intended to fund unanticipated expenses that may occur.



MAJOR REPAIRS

There are currently no major repair projects anticipated in the FY 2021/22 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 2021/22. 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 \$8,000

Open Space Heavy Rainfall Events

We have budgeted for one heavy rainfall-monitoring event during the 2021/22 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

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.

Estimated budget \$2,000

Water Quality/Detention Basin Heavy Rainfall Events

We have budgeted for one heavy rainfall-monitoring event during the 2021/22 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 \$9,000

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 2021/22 fiscal year.

Estimated budget \$3,000

Slope Stabilization, Erosion, and Minor Repairs

This is for unanticipated minor repairs, including slope instability or erosion, which may occur during FY 2021/22.

Estimated budget \$22,000

Vegetation Control – Open Space

This budget item includes annual firebreak mowing and litter removal, which will occur during FY 2021/22. This budget item has been increased to allow for a second cutting of fire breaks as needed.

Estimated budget \$18,000

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 \$18,000

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 2021/22.

Estimated budget \$10,000

SPECIAL PROJECTS

There are currently no special projects anticipated in the FY 2021/22 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 \$20,400

Budget Preparation

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

Estimated budget \$2,300

Outside Professional Services – Nontechnical

Legal Counsel

This budget item allows the GHAD to fund legal counsel for the District. The Board appointed Wendel Rosen 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 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 cost \$5,000

Clerk

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

Estimated cost \$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 cost \$6,100

California Association of GHADs Membership

The GHAD maintains membership in the California Association of GHADs.

Estimated cost \$160

Insurance

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

Estimated cost \$1,350