



HILLCREST HEIGHTS
GEOLOGIC HAZARD ABATEMENT DISTRICT

Program Budget
FISCAL YEAR 2025-2026

APRIL 2025



HILLCREST HEIGHTS
GEOLOGIC HAZARD ABATEMENT DISTRICT

May 5, 2025

Hillcrest Heights GHAD Board of Directors
c/o Supervisor John M. Gioia
11780 San Pablo Avenue, Suite D
El Cerrito, California 94530

**SUBJECT: Program Budget for Fiscal Year 2025-2026
Hillcrest Heights Geologic Hazard Abatement District**

Dear Board Members:

Attached please find the proposed program budget for the Hillcrest Heights Geologic Hazard Abatement District (“Hillcrest Heights GHAD”, “GHAD” or “District”) for fiscal year 2025-2026. The proposed fiscal year budget totals \$358,500 which exceeds projected revenues and anticipates a \$28,034 deficit and the need to draw a commensurate amount from the reserve fund. At the time of this publication, it is expected that the fund balance on June 30, 2025, will be approximately \$2,406,693. A fund balance of \$2,378,659 is projected for June 30, 2026.

There are four major budget categories, their respective budget expenses break down as follows:

Major Projects	34 percent
Preventive Maintenance and Operations	26 percent
Special Projects	14 percent
Administration, Legal, Accounting	26 percent

BACKGROUND:

On July 23, 1996, the Contra Costa Board of Supervisors adopted Resolution 96/239 approving the formation of the Hillcrest Heights Geologic Hazard Abatement District (Hillcrest Heights GHAD), located in the hills of El Sobrante, within the jurisdiction of Contra Costa County. The Hillcrest Heights GHAD was formed pursuant to State Public Resources Code § 26500 et seq. The Board of Supervisors at that time appointed itself as the Board of Directors of the Hillcrest Heights GHAD.

Resolution 97/178 adopted on April 1, 1997, by the Board of Supervisors, acting as the Hillcrest Heights Board, confirmed the assessments for the District and ordered the collection of the amounts called for in the Assessment Report. The initial fiscal year for the Hillcrest Heights GHAD was established as 1997-1998.

A 15-lot subdivision also completed in El Sobrante known as Spanish Trails was annexed in 2008 to the Hillcrest Heights GHAD and on February 25, 2009, the Notice of Assessment was recorded. Assessments were levied on the 15-lots beginning fiscal year 2009-2010. Maintenance transfer to the Hillcrest Heights GHAD for the activities pursuant to the approved Plan of Control occurred on February 5, 2010.

A 32-lot subdivision also located in El Sobrante known as Edgemont (Colina Canyon) was also annexed to the Hillcrest Heights GHAD on May 11, 2010, with the Final Map and Notice of Assessment recorded on July 29, 2010. Construction commenced on several model homes and activities halted and the subdivision remained in this condition for a time, although the District has been receiving revenue from property assessments. Maintenance transfer to the Hillcrest Heights GHAD has not been completed and therefore the District cannot currently provide services.

The Major Projects program will incorporate a capital repair program within the Hillcrest Heights community storm drain system. In March of 2024, Alan Kropp & Associates (AKA), issued a report at the GHADs directive to evaluate a comprehensive video survey of the storm drain infrastructure in Hillcrest Heights. The AKA report details and prioritizes a number of drainage pipe damage areas. It appears that the damage sites recorded in the video inspections were caused during the original installations of the storm drain systems as part of the overall development of Hillcrest Heights. Although the report cites that the observed damages do not appear to negatively impact the drainage system operation, the GHAD is moving forward with a phased plan to address many of these sites on a priority basis, based on an action plan developed by Prayco, a contracted construction consultant addressing feasibility and costs. Phase 1 of the remedial operations is scheduled for FY25/26. Other aspects of the Major Projects Program will address preemptive measures, studies and asset maintenance within both our Major Projects program and our Preventive Maintenance program.

The Preventive Maintenance Program will conduct and implement additional comprehensive test studies on infrastructure to identify existing conditions and produce an update to the existing system-wide maintenance schedule. Studies will address any weaknesses in physical infrastructure as well as evaluating recurring maintenance and capital repair costs. The program test studies initiated in the 3rd and 4th quarter of FY24/25 have thus far identified and proposed actions to improve or restore infrastructure conditions as cited above regarding the District-wide storm drain systems. Additional asset studies on instrumentation and infrastructure will continue in fiscal year 25/26 to provide necessary actions for additional assets. Asset maintenance and repairs will be addressed on a priority basis. Specifically, we will target the following program elements - Concrete Interceptor Ditch Systems (Repair and Replace Program); the Horizontal Drains (Site Maintenance Program); the Piezometers (Site Maintenance Program); Retention Basins (Maintenance Program), and the Soil Debris Bench/Impact Walls (Maintenance Program).

The Operations Program will continue its existing monitoring profile through this period. Recurring semi-annual site monitoring and reporting of GHAD assets, slope performance and infrastructure conditions will continue to be conducted by Alan Kropp & Associates providing current conditions. GHAD conducts ongoing studies of accumulated empirical data from its many monitoring assets to further expose any notable trending that might occur over significant periods of time, thereby reducing risk exposure. Currently, The National Oceanic and Atmospheric Administration (NOAA) predicts La Niña neutral conditions in the Southern

Oscillation; however, early probability forecasts have often changed throughout the summer months.

The Special Projects Program will include analyzing the Plan of Control and other essential documents that establish and direct the Hillcrest Heights GHAD. Preliminary review will be initiated to assess the need to conduct a formal Reserve Study that would serve to test, identify weaknesses, and expose any necessary adjustments to the criteria or methodologies utilized in the program and anticipate revenue and reserve demands over time. Additional ongoing analyses to assess the feasibility of integrating a Geographic Information System (GIS) into the Hillcrest Heights program will continue through this period.

This budget anticipates continued strengthening and building efficiencies within the Administration Program, by completing an Information Technology (IT) system, modeling a Geographic Information System (GIS), and Content Management System (CMS). As managers, in close association with the GHAD Treasurer (Laffer Tengler Investments), we corporately monitor and project significant short-term and long-term financial impacts on GHAD reserves and compare such impacts with a 40-year reserve study in progress. For further information regarding GHAD reserves please see the Treasurer's Investment Strategy Report enclosed.

General legal counsel will continue to be provided by the Hillcrest Heights GHAD Board appointed attorney, Patricia Curtin of Fennemore, Wendel, LLP in a variety of areas including GHAD law, land use, contracts and agreements, and Federal, State and local Government agency matters.

A summary of the expenses is shown on Table 1, pages 4 through 6, followed by brief descriptions of each of the budget items on pages 7 through 14.

Respectfully yours,

Hillcrest Heights Geologic Hazard Abatement District



Michael D. Sands
Sands Construction Company, Inc.
General Manager

LAFFER | TENGLER

INVESTMENTS

May 19, 2025

Board of Directors
Hillcrest Heights Geologic Hazard Abatement District (GHAD)
C/O GHAD Manager, Michael Sands
959 Mountain View Drive
Lafayette, CA. 94549

REF: Treasurer's Report

Dear Board of Directors:

Recent Washington policy has created a challenging environment for investors. The Hillcrest Heights GHAD portfolio has fared very well in this environment thanks to a thoughtful asset allocation plan and good security selection. Higher interest rates have benefited the individual bond holdings and the Fixed Income ETF strategy. Convertible securities and the modest allocation to equities have contributed significantly to total return.

As the Treasurer, I believe the asset allocation policy is flexible and comprehensive enough to allow us to respond to market shifts. Currently the Hillcrest Heights GHAD portfolios are in line with the policy.

Laffer Tengler manages a wide variety of proprietary strategies which have strong long-term track records. The team benefits from a group of seasoned professionals who have expertise in stocks, bonds, convertible securities, a dynamic inflation strategy and global securities. This broad focus provides the firm with the perspective needed to navigate markets. Our team interacts well with the GHAD General Manager to ensure sufficient liquidity in the portfolio to address changing financial demands as the Hillcrest Heights GHAD experiences weather related damages and other capital expenses.

In spite of all the concerns over tariff policy (legitimate to be sure) the bond market for the most part has not panicked. This has provided stability to the portfolio. Stocks have recovered most of their losses as the Administration has modified tariff policy and extended carve outs for U.S. companies. Though GDP was negative in the first quarter—largely due to a pull forward of imports which are deducted from GDP—the economy appears to be slowing but will likely avoid recession in our view. Corporate earnings for the first quarter are coming in surprisingly strong but earnings are backward looking and reflect events before tariff policy was announced. Importantly, guidance for the rest of the year has been largely upbeat.

6730 N. Scottsdale Road, Suite 230 | Scottsdale, AZ 85253 | 1.800.838.3468 |

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INVESTMENTS

We are quite comfortable with the Hillcrest Heights GHAD allocation and underlying holdings and expect another solid year of growth.

Respectfully submitted,



Nancy Tengler
CEO and Chief Investment Officer
Laffer Tengler Investments

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Distribution list:

Hillcrest Heights GHAD Board of Directors:

Supervisor John M. Gioia
11780 San Pablo Avenue, Suite D
El Cerrito, CA 94530

Supervisor Candace Andersen (Board Chair)
309 Diablo Road
Danville, CA 94526

Supervisor Diane Burgis
3361 Walnut Boulevard, Suite 140
Brentwood, CA 94513

Supervisor Ken Carlson
2151 Salvio Street, Suite R
Concord, CA 94520

Supervisor Shanelle Scales-Preston
190 E. 4th Street
Pittsburg, CA 94565

GHAD Attorney:

Patricia Curtin, Esq. (Hillcrest Heights GHAD Attorney)
Fennemore, Wendel, LLP
1850 Mt. Diablo Boulevard, Suite 340
Walnut Creek, CA 94596

GHAD Treasurer:

Laffer Tengler Investments
Nancy Tengler, CEO
6710 N Scottsdale Rd., Suite 130
Scottsdale, AZ 85253

Hillcrest Heights Geologic Hazard Abatement District

Program Budget

Fiscal Year 2025/2026

The following proposed line-item program budget (Table 1) summarizes the anticipated expenditures for fiscal year 2025-2026 for the Hillcrest Heights Geologic Hazard Abatement District (“Hillcrest Heights GHAD”, “GHAD”, or “District”). Through an ongoing assessment, the manager evaluates and addresses geologic risk through the implementation of an annual program budget consisting of four major categories. Preceding Table 1, and directly below, is a general overview description of the four major program elements within the budget.

Major Projects Program

The annual Major Projects Program includes, landslide repair projects, drainage improvement projects, and capital improvement projects necessary to either control, mitigate, or prevent landslide activity. Other large program responses necessary to implement the Plan of Control, including specific purpose studies and investigations, may also be included in the Major Projects Program.

Generally, for consideration of inclusion into the Major Projects Program, a project or study would represent a level of complexity requiring plans, specifications, and comprehensive engineering analysis including modeling and research, or a project with a protracted scope such as those requiring multiple regulatory agency approvals. Most Major Projects have a projected cost that exceeds \$35,000.

Historically, the Major Projects Program has been comprised of significant landslide repair projects and other responsive large projects; at other times, it has included programmatic studies and investigations useful in generating proactive responses. This diversity of projects demonstrates the importance of a flexible Major Projects Program structure that adapts between responsive and proactive needs and capabilities to manage the dynamic nature of larger scale geologic events.

Preventive Maintenance and Operations Program

The annual Preventive Maintenance and Operations Program includes all minor repairs, cleanup, maintenance, monitoring and replacement of drainage structures and other assets that degrade over a serviceable life. The goal of preventive maintenance is to keep assets in operational condition and identify potential slope stability risks before they manifest, allowing measures to be taken to either prevent, or mitigate the impact of these hazards as defined in the Hillcrest Heights GHAD Plan of Control.

Typical Hillcrest Heights GHAD assets include concrete lined ditches, subdrainage systems, groundwater measuring instrumentation, slope inclinometers and moisture gauges, and slope debris catchment features.

The Preventive Maintenance Program also includes preparations for emergency response, winterization measures including erosion protection and slope stabilization supplies, and instrument maintenance.

The Operations Program is primarily populated with scheduled instrument monitoring events. Data from these instruments are evaluated to establish risk and trends to avert landslide activity. In addition to the instrumentation monitoring program, the Operations Program contains the Incident Response and Community Relations Program, which incorporates comprehensive first response capabilities, and fosters community incident interaction.

Special Projects

The Hillcrest Heights GHAD pursues ongoing and new activities identified as “Special Projects”. Special Projects include activities requested by the Board such as the Communications Program, and projects and studies designed to improve the District’s operational effectiveness and ensure financial solvency. Special Projects also include utilizing new technologies to increase the efficiencies of the day-to-day operations.

Administration

Administrative expenses are required to operate the Hillcrest Heights GHAD and implement projects. Administrative expenses include personnel and consultants to manage the operations including: the General Manager, Administrative Manager, Construction Services Manager, certain clerical and accounting staff, consultants, and legal support.

General Manager Program Budget FY25/26 \$ 108,000.00

The scope of services for the General Manager includes, managing the day-to-day operations through implementation of the necessary financial recordkeeping and reporting; updating and maintaining governing documents, such as the Plan of Control; and managing and updating administrative tools such as the Reserve Study, Communications Plan, Work Program and Monthly Incident Log. The General Manager Consulting Services Agreement provides for certain administrative positions including, but not limited to, a General Manager, an Administrative Manager, a Construction Services Manager and a Network Administrator as well as overhead costs, such as office space rent, office supplies and postage.

With respect to the Operations of the Hillcrest Heights GHAD, the scope of services for Operations includes, implementing the Major Projects and Preventive Maintenance Programs through forecasting work schedules and priorities, preparing Requests for Proposals, and managing maintenance and repair operations within the Major Projects and Preventive Maintenance Programs. These services include project management and construction management; and preparing for and responding to emergency incidents.

The General Manager will retain the necessary professionals, including without limitation: engineers, accounting professionals, and vendors to facilitate the operations

of the Hillcrest Heights GHAD. The General Manager Consulting Services Agreement and associated budget allows for the conditional use of subcontractors such as administrative sub-consultants and engineering or construction sub-consultants within the payment limits of the Consulting Services Agreement.

A summary of the proposed Fiscal Year 2025-2026 Budget is presented in Table 1 on the following pages.

Table 1 – Summary of Fiscal Year 2025/2026 Budget

Budget Item	Budget Amount	% of Total Budget
Major Projects		
Study/Project: Storm Drain System Project Design and Phased Repairs	\$ 85,000	
Study: Groundwater Study/Slope Stability Study	\$ 20,000	
Unanticipated Sites	\$ 10,000	
Landscape Replacement (associated GHAD repairs)	\$ 5,000	
Total Major Projects	\$ 120,000	34%

Preventive Maintenance/Operations		
Preventive Maintenance		
Drainage		
Storm Drain Facilities		
B-58 Concrete Lined Ditches		
Maintenance/Cleaning/Mapping	\$ 7,000	
Repair and Replace - Study-driven Maintenance Schedule	\$ 10,000	
Storm Drain Maintenance/Repairs - Study-driven Maintenance Schedule	\$ 20,000	
Subdrain Systems		
Horizontal Drains - Study-driven Maintenance Schedule	\$ 3,000	
Subdrain Outlets/Pumps	\$ 2,000	
Piezometers - Study-driven Maintenance Schedule	\$ 5,000	
Settlement Monitors - Study-driven Maintenance Schedule	\$ -	
Retention Basins - Study-driven Maintenance Schedule	\$ 6,500	
Minor Repairs	\$ 4,000	
Winterization	\$ 3,000	
Emergency Response	\$ 7,500	
Debris Benches - Study-driven Maintenance Schedule	\$ 4,000	
Subtotal	\$ 72,000	
Operations		
Piezometer Monitoring	\$ 6,000	
Horizontal Drain Monitoring	\$ 6,000	
Subdrain Monitoring	\$ 4,000	
Settlement Monitoring	\$ 2,000	
Incident Response/Community Relations	\$ 5,000	
Subtotal	\$ 23,000	
Total Preventive Maintenance/Operations	\$ 95,000	26%

Special Projects		
Plan of Control	\$ 15,000	
Reserve Study	\$ 7,500	
Special Studies/Annexations	\$ 5,000	
Information Technology/Content Management	\$ 12,000	
Geographic Information Systems - Feasibility Analysis	\$ 5,000	
Accounting Systems Upgrade	\$ 2,000	
Procedures Manual	\$ -	
Communications Program/Website - - Feasibility Analysis	\$ 3,000	
CA Association of GHADs - Membership/Insurance	\$ 2,000	
Total Special Projects	\$ 51,500	14%

Administration		
Legal Fees		
General Counsel	\$ 5,000	
Special Counsel	\$ -	
Litigation/Legal Concerns	\$ -	
Assessment Roll Update	\$ 3,000	
Administrative Support		
Staffing/Administrative Support	\$ 57,000	
Accounting/Financial Services	\$ 22,000	
Training/Education	\$ 1,000	
Office - Rent/Supplies/Equipment/Lease	\$ 4,000	
Total Administration	\$ 92,000	26%

TOTAL PROPOSED BUDGET FY2025/2026	\$ 358,500	100%
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Available Funds		
Estimated Beginning Fund Balance - July 1, 2025*		\$ 2,406,693
Estimated Property Owner Assessments		\$ 231,630
Hillcrest Heights	\$ 1,969.80**	
Colina Canyon	\$ 1,744.83**	
Spanish Trails	\$ 3,183.93**	
Estimated Interest and Dividends on Investments***		\$ 98,836
Other Income		\$ -
Total Available Funds		\$ 2,737,159
Use of Funds		
Major Projects		\$ 120,000
Preventive Maintenance		\$ 95,000
Special Projects		\$ 51,500
Administrative		\$ 92,000
Total Use of Funds		\$ 358,500
Estimated Reserve Available/Ending Fund Balance June 30, 2026		\$ 2,378,659

* Including estimated true-up revenue payment (June 2025) of \$10,270.74 – Projected Fund Balance date of publication

**Estimates based on USBLS February 2025 CPI San Francisco, Oakland, Hayward Area

***Investments change in value not included in calculations

DESCRIPTION OF BUDGET ITEMS

Major Projects

Study/Project – Storm Drain System Project Repair (Phase 1)

In March of 2024, Alan Kropp & Associates (AKA), issued a report at the GHADs directive to evaluate a comprehensive video survey of the storm drain infrastructure in Hillcrest Heights. The AKA report details and prioritizes a number of drainage pipe damage areas. It appears that the damage sites recorded in the video inspections were caused during the original installations of the storm drain systems as part of the overall development of Hillcrest Heights. Although the report cites that the observed damages do not appear to negatively impact the drainage system operation, the GHAD is moving forward with a phased plan to address many of these sites on a priority basis, based on an action plan developed by Prayco, a contracted construction consultant, addressing feasibility and costs. Phase 1 of the remedial operations is scheduled for FY25/26.

Estimated Cost \$85,000

Study – Groundwater Study/Slope Stability Analyses

Slope weathering and changes in groundwater levels and regimes over time can impact slope stability. It is important for Hillcrest Heights GHAD management to make dynamic assessments to ensure design thresholds are met in slope stability. This study addresses several potential sites and analyzes conditions. Recent storm events will be evaluated through onsite instrumentation data and any evidence of latent slope stability impacts identified and addressed.

Estimated Cost \$20,000

Unanticipated Sites

During heavy rain years, unexpected repairs are necessary to avert or control landslides that may threaten property within the District. It is vital for the manager to retain the availability of funds within the Major Repair Program to address such an event.

It is also common to experience a change in the planned construction schedule to include additional sites. Known sites can rise in priority throughout the year and additional sites may emerge.

Estimated Budget \$10,000

Landscape Replacement

Typically, remedial landscaping is either included in the scope of work for major projects or eliminated completely from the repair scheme depending on impact from remedial efforts to restore slope stability. However, on occasion, and in compliance with the Plan of Control, the associated License Agreement executed in preparation of the work will address a reimbursement or allowance to the property owner for remedial landscaping installation.

Estimated Budget \$5,000

Preventive Maintenance and Operations

Preventive Maintenance

Preventive maintenance generally consists of those measures taken to prevent an incident or landslide event including, asset maintenance, drainage structures, instrument sites and winterization measures. Operations include ongoing monitoring programs and responses to community requests. Details of the proposed budget for each of these categories are listed below.

The Preventive Maintenance Program has been a significant ongoing program to ensure facilities, infrastructure, systems and slopes are performing and operating as designed. The GHAD has incorporated a robust preventive maintenance program since the GHAD's inception, and the program has prevented untold numbers of slope failures. Since the GHAD has been in operation for nearly 30-years it suggests that much of the infrastructure is approximately 35% - 40% through its serviceable life as projected by widely used data and projections within the structural concrete community. In the 3rd and 4th quarter of fiscal year 24/25 the GHAD Manager ordered a comprehensive test study on infrastructure to identify existing conditions and produce a system-wide maintenance schedule to address any weaknesses in physical infrastructure and project costs. The program test studies have and will continue to provide the necessary information to begin addressing any infrastructure weaknesses, reset the longevity and/or serviceable life of infrastructure and the financial needs moving forward. Each of the Preventive Maintenance Program elements on (Table 1 and listed below) with the designation of "*Study-driven Maintenance Schedule*" is a program element that is subject to the Test Study results and protocol.

Storm Drain Facilities – Study-driven Maintenance Schedule

Planned continued work on community storm drain condition and maintenance assessments. GHAD is working with consultants to establish conditions of existing storm drainage systems throughout the District. Assessments will be made on baseline conditions of drainage systems and projected longevity. Conclusions of this effort will inform the GHAD on current performance and future maintenance or replacement intervals for these infrastructure assets. As described in Major Projects above, development-wide storm drainage systems are currently being evaluated and deficiencies addressed on a priority bases.

Estimated Budget \$20,000

B-58 Drain Systems

Maintenance – Allows for one major annual cleaning and mapping. In addition, District staff periodically walks the B-58 systems to get a first-hand account of the current conditions and project serviceable life. This information, along with other empirical data, is typically utilized in Reserve Study updates. With extreme weather conditions in years past and the related soil and vegetation load impacting the network of B-58 systems, we have anticipated and allowed for a greater effort to maintain proper drainage.

Estimated Cost \$7,000

Repair and Replacement – Study-driven Maintenance Schedule An ongoing detailed assessment is performed to establish the existing condition of the B-58 Concrete ditches throughout the District. This assessment and associated data are periodically aggregated with past collected data to serve to establish a typical timeline for needed repairs. These assessments as to the remaining serviceable life of these assets are also utilized in reserve study criteria to anticipate repair and replacement costs. Currently there are no replacement projects active.

Estimated Cost \$10,000

Retention Basins – Study-driven Maintenance Schedule

There is one retention basin within the District boundaries. This retention basin requires annual improvements and de-silting efforts. With the extreme weather conditions and the related soil and vegetation load impact, improvements are likely to occur this year to this facility. We anticipate and allow for typical efforts to maintain proper drainage for these facilities over this fiscal year.

Estimated Cost \$6,500

Subdrain Systems

Subdrain systems must be monitored, and maintenance provided to ensure the systems have not been damaged or impeded. This budget will allow for an inspection and minor maintenance of these sites through the Horizontal Drains and Sub-drain Outlets programs below.

Horizontal Drains

The District must provide ongoing maintenance to ensure horizontal drains remain functional. This budget will allow for the maintenance of new installations.

Estimated Cost \$3,000

Sub-drain Outlets

The Hillcrest Heights GHAD is currently conducting efforts to identify, locate and make determinations about the effectiveness of the network of subdrains throughout the District. It is anticipated that on-site restoration work may be necessary at some sites. This additional work has been incorporated into this budget item.

Estimated Cost \$2,000

Piezometers – Study-driven Maintenance Schedule

The District reads and maintains piezometers which measure ground water elevations. A budget has been established to provide for work to begin to restore the sites and install identification markers.

Estimated Cost \$5,000

Settlement Monitors

Over time, several settlement monitors have been placed throughout the development. These monitors were, in large part, installed as part of one specific study or another and therefore are not continually monitored. Currently ongoing monitoring programs exist in areas of the District and are periodically read and evaluated.

Estimated Cost \$0

Minor Repairs

A budget is established annually for minor projects establishing a provision for unanticipated minor projects within the Preventive Maintenance Program.

Estimated Cost \$4,000

Winterization

The District provides an annual budget for procuring and storing an inventory of winterization materials and to provide for the costs of site installation.

Estimated Cost \$3,000

Emergency Response

During the winter rainy season, the Hillcrest Heights GHAD prepares for and may respond to a range of urgent, active, or threatening landslides as well as drainage issues where property damage is threatened. These incidents typically involve mud or debris flows, plugged storm drains at the base of slopes or flooded properties due to the overflow of runoff from plugged or damaged facilities. In severe cases these responses can require the initiation of temporary slope stabilization measures in preparation for a major repair.

Estimated Cost \$7,500

Debris Benches/Impact Walls

Earthen debris benches and debris impact walls exist throughout the District. It is essential that these facilities are inspected to ensure capacities and drainage have not been compromised. Annual inspections are made, and periodic debris removal plans are initiated. This year's budget allows for geotechnical evaluations and the periodic removal of accumulated debris from several of the benches identified during the study and routine monitoring events.

Estimated Cost \$4,000

Operations

An inventory of on-site instrumentation including piezometers, inclinometers, horizontal drains, sub-drains, and settlement monuments are monitored periodically throughout the year as a preventative measure.

Monitoring sites can be established for a variety of uses. Often completed repair sites require monitoring to confirm that the slope has been stabilized. Other sites have been utilized to indicate signs of unstable conditions developing and have been instrumental in determining slope conditions prior to the activation of a landslide.

Through the use of collected data such as groundwater depth, magnitude of slope movement, depth of movement and ground surface movement, the District has been able to arrest slope movement in advance of an incipient failure.

Throughout the year, the District receives incident response or assistance calls from property owners regarding slope stability or drainage issues. Community relations, including incident responses through the annual Operations Program has been institutionalized as a role of Hillcrest Heights GHAD management. All incidents are recorded and move through the District response mechanisms as is appropriate and consistent with the Hillcrest Heights GHAD Plan of Control.

The Hillcrest Heights GHAD Manager receives updates in long range weather and significant oceanic temperature changes through the National Oceanic and Atmospheric Administration (NOAA) and other scientific and atmospheric agencies that track data and produce probabilistic assessments on the likelihood of a recurrence of El Niño conditions.

Estimated Cost \$23,000

Special Projects

During fiscal year 2025-2026 the District will continue several special projects. Brief descriptions of the special projects are presented in Table 1 and further described below:

Plan of Control

It is anticipated that an evaluation and assessment of the current Plans of Control for the Hillcrest Heights GHAD, including Spanish Trails, will be pursued, to confirm operational compliance. Once an initial evaluation is completed, consideration will be given to amend the current plan to incorporate historical practices of the GHAD and acknowledge technological and other procedural advancements.

Estimated Cost \$15,000

Reserve Study Assessment

A reserve study functions as a pro-forma analysis of the financial needs of the Hillcrest Heights GHAD. The study serves as a tool to calculate the annual contribution required by the District to build and maintain sufficient funds for emergencies and capital replacement programs based on past weather patterns, landslide repair costs, and general attrition. As a result of severe winters, draws will likely be necessary in the future on the reserve fund. Work is planned to evaluate and complete an analysis of the fund health and methodologies. This analysis will be used in establishing a pro-forma plan and provide instruction to Hillcrest Heights GHAD management as to the necessary reserve demands over time.

Estimated Cost \$7,500

Special Studies

The Hillcrest Heights GHAD intends to continue targeted studies in the areas of fiscal policy and geologic risk. The Hillcrest Heights GHAD, now in its 29th year, has the unique opportunity to address many of the issues surrounding long-term viability and sustainability, within changing environment and financial conditions. Using empirical data, we can assess potentially increasing financial loads and geologic risks that may accompany the maturation process of this District. We are confident that these studies have produced and will continue to produce beneficial results.

Estimated Cost \$5,000

Information Systems and Technology

In early 2024 GHAD issued Requests for Proposals (RFP) in a planned effort of upgrading its managed Information Technology (IT) systems to modernize data collection systems, storage, processing and expansion capabilities. In April of 2024 Rooted Software, a Walnut Creek based firm, was selected and engaged to perform a scope of work to accomplish this project. IT and Content Management Systems (CMS) have been initiated and will continue with advanced safeguards for data protection and increased data storage capacities, as well as file convention modernization and integration ability with a new planned Geographic Information System (GIS) upgrade.

The Hillcrest Heights GHAD will consider integrating a GIS system to include all the GHAD's data collection and monitoring operations. The record and tool that this system offers facilitates the General Manager's ability to locate past repairs and assist in a variety of risk assessments within the District. Development costs are being considered regarding timing of these new system upgrades.

Estimated Cost \$17,000

Accounting System Upgrade

Periodic upgrades are necessary to enhance accounting system capabilities. The Hillcrest Heights GHAD utilizes expense accounting software to assist in reporting and the day-to-day operation of the District. Continued accounting systems enhancements will be implemented allowing more data entry streamlining, enhanced reporting, and quality control assurance procedures, augmenting the current systems. Modest upgrades are planned for FY2023-2024.

Estimated Cost \$2,000

Tax Assessment Calculation

Each year an assessment calculation is conducted to identify and determine all qualified parcels within the District to receive assessments for Hillcrest Height GHAD services. Typically, the GHAD Manager will contract these assessments to a firm that specializes in these services. Historically, the Hillcrest Heights GHAD has provided this information through its contracted consultant to the County Assessor's Office as required.

Estimated Cost \$3,000

Communications Plan

The Hillcrest Heights GHAD maintains a communications plan designed to keep constituents up to date on Hillcrest Heights GHAD operations and developments. The plan addresses several venues and mediums used to disseminate information within this District and to other concerned parties, and to establish clear and accessible channels for community interaction.

The Hillcrest Heights GHAD continues to evaluate the community benefit to implement an interactive web page for public information, reporting and inquiries, and a multi-page informational brochure to be available to interested Homeowner Associations (HOA) and stakeholders that describes the Hillcrest Heights GHAD and its responsibilities and limitations.

Estimated Cost \$3,000

Outreach/Legislative Review

California Association of GHADs (CAGHADs) Membership/Insurance

The proliferation of new GHADs within California has resulted in new legislation and adopted procedures. The Hillcrest Heights GHAD Manager, in association with others, make up the CAGHAD Board of Directors and shares information and knowledge through a consortium of GHAD managers known as the California Association of GHADs (CAGHADs). The CAGHAD has obtained General Liability policies for its member GHADs. Additional GHAD onboarding and participation has reduced relative premiums. Policy premium costs for the Hillcrest Heights GHAD are approximately \$710.¹

Additionally, the Hillcrest Heights GHAD manager participates in the CAGHADs as the organization pursues other financial instruments that may provide the Hillcrest Heights GHAD additional options for extraordinary financial demand and planning. In 2016 the CAGHAD Board adopted a new fee schedule reducing the annual GHAD fees for membership by 50%.

Estimated Cost \$2,000

Administration

The administration of the Hillcrest Heights GHAD includes all costs associated with legal support, office expenses, staffing, and accounting. Brief descriptions are presented below.

Legal

General Counsel – Hillcrest Heights GHAD management must interact regularly with Hillcrest Heights GHAD Counsel. The day-to-day operations of the Hillcrest Heights GHAD present myriad opportunities and issues to work directly with GHAD counsel, in the areas of contracts, agreements, issues or new business to present to the Board, legislation, property owner issues, etc.

Estimated Cost \$5,000

¹ A more comprehensive policy was presented in 2022 with an incremental premium increase

Special Counsel – Typically Special Counsel consists of legal representation in the event of legal issues that might arise. Currently there are no legal issues involving litigation.

Estimated Cost \$0

Staffing/Administrative Support

The Hillcrest Heights GHAD staff includes the General Manager, an Operations Manager, an Administration Manager and frequently other support staff and consulting professionals. The General Manager administers all Hillcrest Heights GHAD day-to-day operations, including financial budgeting and communications regarding its activities. The Operations Manager, among other tasks, administers the Major Projects and Preventive Maintenance Programs and associated work schedules, consulting and construction contracts, and documents. The administrative staff is responsible for accounting/bookkeeping, contract administration, clerical, and construction management support. Additional management staff costs are also applied to specific projects as appropriate. Authorized business expenses such as rent, office supplies and leases are included in Staffing.

Estimated Cost \$84,000