



Program Budget

FISCAL YEAR 2026-2027

APRIL 2026



April 21, 2026

Canyon Lakes GHAD Board of Directors
c/o Supervisor Candace Andersen
309 Diablo Road
Danville, California 94526

**SUBJECT: Program Budget for Fiscal Year 2026-2027
Canyon Lakes Geologic Hazard Abatement District**

Dear Board Members:

Attached is the proposed program budget for the Canyon Lakes Geologic Hazard Abatement District (“Canyon Lakes GHAD,” “GHAD,” or “District”) for fiscal year 2026–2027. The proposed budget totals \$1,556,720 and reflects the District’s continued focus on preventive maintenance, infrastructure stewardship, operational readiness, and long-term geologic risk management. The budget anticipates a \$228,789 deficit to be funded from reserves, with the projected fund balance decreasing from approximately \$8.16 million to \$7.94 million by fiscal year end.

The FY26/27 budget continues the District’s transition toward a more structured and data-driven infrastructure management program emphasizing study-driven maintenance schedules, GIS integration, asset monitoring, and long-term operational planning. Program implementation remains adaptive and risk-based, allowing the District to prioritize maintenance and response activities according to observed field conditions and evolving operational needs.

The Major Projects Program focuses on targeted investigations, groundwater evaluation, horizontal drain cleaning efforts, and site-specific mitigation measures intended to support long-term slope stability and drainage performance. Preventive Maintenance and Operations remain central GHAD functions, emphasizing drainage infrastructure, instrumentation, monitoring systems, emergency preparedness, and seasonal winterization efforts.

Building on a comprehensive infrastructure assessment program advanced during FY24/25 and FY25/26, the District continues implementation of study-driven maintenance schedules across storm drain systems, B-58 drainage facilities, horizontal drains, subdrain systems, instrumentation networks, and related infrastructure assets. These efforts support refinement of maintenance priorities, improvement of system reliability, and continued integration of infrastructure data into the District’s GIS platform.

The Special Projects Program continues to support GIS modernization, IT system improvements, Reserve Study updates, operational procedures, and long-term planning initiatives. Recent GIS and mobile platform enhancements have significantly improved field reporting, data consistency, incident tracking, and operational coordination.

Administrative efforts remain focused on maintaining strong legal, financial, and operational oversight while supporting implementation of District programs and ensuring long-term fiscal sustainability.

A summary of expenses is provided in Table 1, with detailed project descriptions and cost projections included in the accompanying Budget Report.

Respectfully yours,

Canyon Lakes Geologic Hazard Abatement District



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

Enclosures

LAFFER TENGLER
INVESTMENTS

May 18, 2026

Board of Directors
Canyon Lakes 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:

The GHAD portfolios were designed to comply with the unique objectives of the agency, focused on mitigation of risk, preservation of capital and income generation.

When Laffer Tengler Investments (LTI) took over the management of the GHAD's we created an asset allocation that would achieve the above-mentioned objectives while being able to meet liquidity requirements. In accordance with the GHAD investment policy LTI has attempted to maintain 65% of the portfolios in fixed income. Two thirds of that allocation is invested in individual bonds and the remainder in a liquid fixed-income ETF vehicle. Additionally, about 10% of the portfolio is invested in convertibles bonds and preferreds to enhance total return while generating reasonable income. Finally, 20% of the portfolio is reserved for a conservative equity portfolio to enhance the growth of the GHAD portfolios while taking below market levels of risk.

The portfolio performance has generated excess return above the benchmarks by a wide margin since inception. The lower risk profile of the underlying investments shown through during the negative stock and bond markets of 2022. The equity portion of the portfolio declined approximately -7.0% versus -18.1% for the S&P 500 while the corporate bond portfolio declined less than -1.0% versus -3.8% for the Bloomberg Aggregate Bond Index. Protection in declining markets is the focus of our strategy to preserve capital.

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

www.LafferTengler.com

Laffer Tengler Investments is a Butcher/Joseph company.

LAFFER  TENGLER
INVESTMENTS

LTI's investment strategies are research driven and disciplined. The team has a cumulative 150 years of experience navigating the stock and bond markets.

We are optimistic about the returns for risk assets and have positioned our bond portfolios for declining interest rate environment over the next few years. We also have maintained flexibility with the Fixed Income ETF strategy to take advantage of market dislocations. Risk management is our primary objective with total return as a secondary objective.

Respectfully submitted,



Nancy Tengler
CEO and Chief Investment Officer
Laffer Tengler Investments

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

www.LafferTengler.com

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Laffer Tengler Investments
Nancy Tengler, CEO
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**Upon Execution: The management will post approved Budget at
www.canyonlakesghad.com**

Canyon Crest Homeowners Association
c/o Association Management Company, Inc.
P.O. Box 503
Pleasanton, CA 94566
(925) 462-2138 ext. 102
Attention: Ms. Tani Cligny

Golden View Elementary School
Nancy White, Principal
5025 Canyon Crest Drive
San Ramon, CA 94583
(925) 735-0555

Canyon Green Homeowners Association
Fleur DuMont Homeowners Association
Canyon View Homeowners Association
c/o Homeowner Association Services
2266 Camino Ramon
San Ramon, CA 94583
(925) 830-4848
Attention: Tom Bantz and Brian Ritter

San Ramon Regional Center
Gary Sloan, CEO
6001 Norris Canyon Road
San Ramon, CA 94583
(925) 275-9200

Canyon Owners' Association
c/o Howe Association Management, Inc.
485 Hartz Avenue, Suite 100
Danville, CA 94526
(925) 837-2805 ext. 1#
Attention: Jackie Howe

Vista Pointe Canyon Lakes Owners Assoc
c/o M & C Association Management
4305 Hacienda Drive, Suite 180
Pleasanton, CA 94588
Pleasanton, CA 94588
Attention: Adrian Breato

Canyon Woods Homeowners Association
c/o Christison Company
3090 Independence Drive
Livermore, CA 94551-9469
(925) 371-5710
Attention: Elizabeth Ramirez

Echo Ridge Homeowners Association
The Lake at Canyon Lakes Homeowners Association
c/o Common Interest Management Services
315 Diablo Road, Suite 221
Danville, CA 94526
(925) 743-3080 ext. 235
Attention: Janice Schock and Melanie Malik

EXECUTIVE SUMMARY

The FY26/27 budget reflects Canyon Lakes GHAD's continued emphasis on proactive infrastructure management, preventive maintenance, and implementation of study-driven maintenance programs supporting long-term geologic risk reduction. The proposed budget totals \$1,556,720 and includes a projected deficit of \$228,789 to be funded from reserves, with projected fund balance decreasing from approximately \$8.16 million to \$7.94 million by fiscal year end.

Major Projects Program

The Major Projects Program focuses on targeted investigations and mitigation efforts supporting long-term drainage performance and slope stability. Planned FY26/27 work includes regional groundwater studies, implementation of the Horizontal Drain Cleaning Program, response capability for unanticipated sites, and landscape restoration associated with GHAD repair activities. These projects support ongoing evaluation of groundwater conditions, infrastructure performance, and long-term geologic risk management.

Preventive Maintenance and Operations

Preventive Maintenance and Operations remain core District functions and continue to evolve through implementation of a comprehensive, study-driven infrastructure assessment and maintenance program initiated in FY24/25. These efforts include inventory verification, condition assessments, standardized inspection procedures, GIS integration, and development of recurring maintenance schedules across critical infrastructure systems.

FY26/27 implementation efforts focus on storm drain systems, B-58 drainage facilities, horizontal drains, subdrain systems, instrumentation networks, retention basins, debris benches, drain inlets, and headwalls. Program activities emphasize targeted maintenance, monitoring, system improvements, and operational readiness to support proper drainage function and slope stability.

The Operations Program continues ongoing instrumentation monitoring, incident response, community coordination, and analysis of environmental and groundwater conditions supporting informed operational decision-making.

Special Projects (GIS/IT Systems and Planning)

The Special Projects Program continues to support long-term operational planning, Reserve Study updates, GIS modernization, IT systems, accounting system enhancements, procedures development, and communications initiatives. Recent GIS modernization efforts significantly improved field reporting, incident tracking, asset management, and operational coordination through deployment of enhanced mobile and centralized data management tools. FY26/27 efforts will focus on continued system maintenance, refinements, and operational support.

Administration and Financial Management

Administrative efforts remain focused on providing legal, financial, operational, and management support necessary to implement District programs and maintain long-term fiscal stability. Administrative functions include legal coordination, staffing support, accounting and financial services, contract administration, operational oversight, and ongoing program management.

Summary

The FY26/27 budget reflects Canyon Lakes GHAD's continued transition toward proactive, data-driven infrastructure management supported by study-driven maintenance programs, enhanced monitoring capabilities, GIS integration, and long-term planning initiatives. While expenditures modestly exceed revenues in the near term, the District continues to prioritize infrastructure performance, operational flexibility, and long-term geologic risk management consistent with the Plan of Control.

PROGRAM BUDGET

The following proposed line-item program budget (Table 1) summarizes the anticipated expenditures for fiscal year 2026-2027 for the Canyon Lakes Geologic Hazard Abatement District (“Canyon Lakes GHAD”, “GHAD” or “District”). Through an ongoing assessment, the GHAD manager evaluates and addresses geologic risk through the implementation of an annual program budget consisting of four major categories. Preceding (Table I), and directly below, please see general overview descriptions 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.

Projects considered for inclusion in the Major Projects Program typically involve a level of complexity requiring the preparation of plans and specifications, comprehensive engineering analysis, or geotechnical evaluation. These efforts may include modeling, investigation, and design, or may involve extended project durations due to site conditions, construction requirements, or coordination with regulatory agencies. While not a defining criterion, Major Projects often represent higher-cost efforts, frequently exceeding \$100,000.

Historically, the Major Projects Program has included significant landslide repair efforts as well as larger scale preventive and investigative initiatives that support long-term risk reduction. This range of project types reflects the need for operational flexibility that can address both active or imminent landslide conditions and proactive measures, consistent with the priorities and authority established in the Plan of Control.

Preventive Maintenance and Operations Program

The annual Preventive Maintenance and Operations Program encompasses routine maintenance, minor repairs, debris removal, monitoring, and replacement of drainage facilities and related infrastructure that support the prevention, mitigation, abatement, or control of landslides. These activities are undertaken to maintain system functionality and to identify conditions associated with threatened landslides, allowing for timely and appropriate response measures.

Typical Canyon Lakes GHAD assets include concrete lined ditches, sub-drainage systems, groundwater measuring instrumentation, slope inclinometers and moisture gauges, and slope debris catchment features. These systems are regularly evaluated as part of an integrated approach to managing landslide risk within GHAD boundaries.

The Preventive Maintenance Program also includes preparedness measures for emergency response, including seasonal winterization efforts such as installation of erosion control

materials, staging of slope stabilization supplies, and ongoing maintenance of monitoring equipment.

The Operations Program is primarily populated with scheduled instrument monitoring events. Data from these instruments are used to assess site conditions, identify trends, and inform decisions regarding the prevention, mitigation, abatement, or control of landslides. In addition to the instruments 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 Canyon Lakes GHAD undertakes ongoing and new initiatives identified as “Special Projects” that support the implementation of the Plan of Control. Special Projects include activities requested by the Board such as the Communications Program, or 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 efficiency, consistency, and reliability of the GHAD. The development of a more comprehensive and robust Geographic Information System (GIS) platform represents a key advancement under this program, providing enhanced capabilities for data management, field reporting, and informed decision-making.

Administration

Administrative expenses are required to operate the Canyon Lakes GHAD and the implementation of its programs and projects. Administrative expenses include personnel and consultants to manage the operations including the General Manager, Operations Manager, Administrative Manager, Construction Services Manager, certain clerical and accounting staff, consultants, and legal support. These program allocation values are distributed across multiple budget categories reflected throughout Table 1.

| | |
|-------------------------------------------|------------------|
| General Manager Program Budget FY26/27 | \$295,850 |
| Operations Manager Program Budget FY26/27 | <u>\$220,000</u> |
| | \$515,850 |

The scope of services for the General Manager includes but is not limited to, 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 and costs, including but not limited to, a General Manager, Operations Manager, Administrative Manager, a Construction Services Manager and a Network Administrator as well as overhead costs, such as office space rent, office supplies, and postage. The General Manager retains the necessary professionals, including without limitation, engineers, accounting professionals and other consultants and vendors to facilitate the operations of the GHAD.

The General Manager Consulting Services Agreement and associated budget also allow for the use of defined task subcontractors, including administrative, engineering, and construction-related subconsultants, as needed and within the established limits of the Agreement.

Within the General Management of the Canyon Lakes GHAD, the Operations Program scope of services 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 also include specific project management and construction oversight, preparing for and responding to emergency incidents, monitoring instrumentation and assets, and analyzing and processing collected data into established District programs to inform decisions related to the prevention, mitigation, abatement, or control of landslides. The Operations Program provides for certain operational positions including, but not limited to; Project Engineer, Construction Services Supervisor as well as certain overhead costs, such as, office supplies and rent, and electronic monitoring devices, testing apparatus, equipment purchases and/or equipment rental and conditional use of subcontractors such as contractors, consultants, engineers, and special inspectors, within the payment limits of the Consulting Services Agreement.

A summary of the proposed Fiscal-Year 2026-2027 Budget is presented in Table 1, and followed by project-specific descriptions.

TABLE 1 – LINE ITEM BUDGET

| Budget Item | Budget Amount | % of Total Budget |
|-------------------------------------------------------------------|-------------------|-------------------|
| Major Projects | | |
| Groundwater Study: Multiple Regional Sites | \$ 60,000 | |
| Horizontal Drain Cleaning Program (Recurring Area) - Study-driven | \$ 75,000 | |
| Unanticipated Sites | \$ 30,000 | |
| Landscape Replacement (associated GHAD repairs) | \$ 15,000 | |
| Total Major Projects | \$ 180,000 | 11% |

| | | |
|--------------------------------------------------------------------|-------------------|------------|
| Preventive Maintenance/Operations | | |
| Preventive Maintenance | | |
| Drainage | | |
| Storm Drain Facilities - Study-driven Maintenance Schedule | \$ 75,000 | |
| B-58 Concrete Lined Ditches | | |
| Maintenance/Cleaning/Mapping | \$ 80,000 | |
| Repair and Replace - Study-driven Maintenance Schedule | \$ 40,000 | |
| Subdrain Systems | | |
| Horizontal Drains - Study-driven Maintenance Schedule | \$ 105,000 | |
| Subdrain Outlets/Pumps - Study-driven Maintenance Schedule | \$ 15,000 | |
| Piezometers - Study-driven Maintenance Schedule | \$ 40,000 | |
| Settlement Monitors - Study-driven Maintenance Schedule | \$ - | |
| Retention Basins/Arterial Open Channels - Study-driven Maint. Sch. | \$ 45,000 | |
| Debris Benches - Study-driven Maintenance Schedule | \$ 20,000 | |
| Drain Inlets – Associated with GHAD Maintained Infrastructure | \$ 15,000 | |
| Headwalls - Study-driven Maintenance Schedule | \$ - | |
| Minor Repairs | \$ 30,000 | |
| Winterization/Inventory | \$ 200,000 | |
| Emergency Response | \$ 50,000 | |
| Subtotal | \$ 715,000 | |
| Operations | | |
| Piezometer Monitoring | \$ 7,500 | |
| Horizontal Drain Monitoring | \$ 7,500 | |
| Subdrain Monitoring | \$ 7,500 | |
| Settlement Monitoring | \$ - | |
| Incident Response/Community Relations | \$ 45,000 | |
| Subtotal | \$ 67,500 | |
| Total Preventive Maintenance/Operations | \$ 782,500 | 50% |

| | | |
|------------------------------------------------|-------------------|------------|
| Special Projects | | |
| Plan of Control | \$ 1,000 | |
| Reserve Study | \$ 35,000 | |
| Special Studies | \$ 15,000 | |
| Information Technology/Content Management | \$ 50,000 | |
| Geographic Information Systems | \$ 100,000 | |
| Accounting Systems Upgrade | \$ 20,000 | |
| Procedures Manual | \$ 5,000 | |
| Communications Program | \$ 5,000 | |
| CA Association of GHADs - Membership/Insurance | \$ 11,000 | |
| Total Special Projects | \$ 242,000 | 16% |

| Administration | | |
|----------------------------------------|-------------------|------------|
| Legal Fees | | |
| General Counsel | \$ 15,000 | |
| Special Counsel | \$ 10,000 | |
| Litigation/Legal Concerns | \$ 10,000 | |
| HOA/CCCFCO | \$ - | |
| Assessment Roll Update | \$ 10,000 | |
| Administrative Support | | |
| Staffing/Administrative Support | \$ 198,600 | |
| Accounting/Financial Services | \$ 85,120 | |
| Training/Education | \$ 4,000 | |
| Office - Rent/Supplies/Equipment/Lease | \$ 19,500 | |
| Total Administration | \$ 352,220 | 23% |

| | | |
|------------------------------------------|---------------------|-------------|
| TOTAL PROPOSED BUDGET FY2026/2027 | \$ 1,556,720 | 100% |
|------------------------------------------|---------------------|-------------|

| Available Funds | | |
|----------------------------------------------------------------------|--------------------|---------------------|
| Estimated Beginning Fund Balance - July 1, 2026* | | \$ 8,163,962 |
| Estimated Property Owner Assessment totals | | \$ 751,965 |
| Single Family detached | \$325.83/unit** | |
| Townhomes | \$218.25/unit** | |
| Condominiums/Multi-Family | \$162.95/unit** | |
| Commercial (per building square foot) | \$0.160950/sq ft** | |
| Estimated Interest and Dividends on Investments*** | | \$ 584,966 |
| Other Income | | \$ - |
| Total Available Funds | | \$ 9,500,893 |
| Use of Funds | | |
| Major Projects | | \$ 180,000 |
| Preventive Maintenance | | \$ 782,500 |
| Special Projects | | \$ 242,000 |
| Administrative | | \$ 352,220 |
| Total Use of Funds | | \$ 1,556,720 |
| Estimated Reserve Available/Ending Fund Balance June 30, 2026 | | \$ 7,935,173 |

* Including estimated true-up revenue payment (June 2026) of \$37,090 – Projected Fund Balance date of publication

**Estimates based on USBLS April 2026 CPI San Francisco, Oakland, Hayward Area

***Investments change in value included in calculations

Landscape Replacement

Typically, remedial landscaping is either included in the scope of work for major projects or eliminated completely from the repair scheme: however, on occasion the associated License Agreements executed in preparation of the work will address a reimbursement or allowance to the property owner for remedial landscaping installation. With as many sites and events that the Canyon Lakes GHAD must attend to over the next fiscal year, we have allowed for certain, unknown at this time, landscape/structure reimbursements.

Estimated Budget \$15,000

Preventive Maintenance/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 is an ongoing program to ensure that facilities, infrastructure, systems, and slopes perform and operate as designed. The GHAD has operated a robust preventive maintenance program since its inception, preventing untold numbers of slope failures. After nearly 40 years of operation, much of the GHAD infrastructure is estimated to be approximately 50 percent through its serviceable life, consistent with the projections in the GHAD's Reserve Study. In the 3rd and 4th quarters of fiscal year 24/25, the GHAD Manager initiated a comprehensive test study on infrastructure to identify existing conditions and produce a system-wide maintenance schedule to address weaknesses in physical infrastructure and anticipate future costs.

This comprehensive test study has been structured into three phases: Phase 1 (Feasibility), Phase 2 (Development), and Phase 3 (Implementation). Phases 1 and 2 were largely completed during the 24/25 and 25/26 fiscal years, though some feasibility and development activities remain in progress. The 26/27 fiscal year will focus primarily on Phase 3 (Implementation), while any remaining Phase 1 and 2 tasks are concluded. The resulting program test studies provide and will continue to provide the information needed to address infrastructure weaknesses, extend the longevity and serviceable life of GHAD infrastructure, and refine long-term financial planning. This test study has substantially informed the current reserve study update.

Storm Drains/Facilities – Study-driven Maintenance Schedule

Completed in FY25/26: During FY25/26, the GHAD advanced a comprehensive evaluation of storm drain systems that convey flows from B58 ditches to downstream community infrastructure. Initial field inspections (Phase 1) confirmed that, based on surface observations,

these systems are generally functioning as intended, with inlets and outlets operating without significant blockage or restriction.

As part of this effort, the GHAD then began developing a formalized Storm Drain System program (Phase 2) consistent with the Preventive Maintenance Program. This included identifying systems within GHAD jurisdiction, developing a standardized identification framework, and initiating site verification efforts. In addition, protocols for file management and data organization were established to support long-term monitoring and maintenance.

To enhance internal inspection capabilities, the GHAD procured a crawler-type camera system. This equipment is now being actively utilized in the field to perform in-line inspections and establish baseline conditions of storm drain piping systems. This approach provides a cost-effective and efficient alternative to third-party inspection services while allowing for more frequent and responsive evaluations.

Projected for FY26/27: In FY26/27, the GHAD will continue implementation of the Storm Drain System program (Phase 2) as part of its ongoing efforts to support the prevention, mitigation, abatement, or control of landslides. Work will include completion of baseline in-line inspections of storm drain systems using the crawler camera, further refinement of system inventory and identification, and continued integration of asset data into the GIS platform.

Additional efforts will include development and implementation of a biennial inspection schedule, allowing for systematic monitoring of system performance, with flexibility to conduct supplemental inspections following significant storm events. Field activities will also include continued site access improvements, inlet identification marking, and data standardization to support consistent, repeatable maintenance practices.

Phase 3 (Implementation) of the Storm Drain System program will also commence in FY26/27. This phase will focus on addressing findings from the inspection and evaluation efforts, including targeted repairs, maintenance, and system improvements where warranted. Work will be prioritized based on conditions observed and their relevance to supporting proper drainage function and slope stability, with the goal of maintaining and enhancing system performance in a manner consistent with the GHAD’s responsibility to prevent, mitigate, abate, or control landslides.

These efforts will further strengthen the GHAD’s ability to monitor drainage infrastructure directly related to slope stability and to proactively address conditions associated with threatened landslides.

Estimated Budget **\$75,000**

B-58 Drain Systems

Maintenance: Allows for one major annual cleaning and mapping of the B-58 drain systems. 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 utilized in our Reserve study updates. This year, because of the late rains, we anticipate

heavier than normal vegetation to be encountered and managed during our annual cleaning program.

Completed in FY25/26: During FY25/26, the GHAD continued implementation of its study-driven maintenance program for B-58 drainage systems, which are a critical component of surface water management related to slope stability. Specifically, the GHAD advanced system-wide inspection and documentation protocols following completion of annual cleaning activities. A standardized, low-flying UAV inspection program was developed and implemented to capture high-resolution video of B-58 segments immediately following cleaning. This approach provides consistent and comprehensive documentation of post-maintenance conditions, enhances the ability to identify deficiencies, and supports remote evaluation by the GHAD Manager.

Inspection procedures were formalized to include coordinated scheduling with cleaning operations, standardized flight paths, and consistent data management practices. Video data of the B-58s is now being systematically collected, cataloged, and reviewed to identify segments exhibiting wear, cracking, erosion, blockage, or other conditions that may affect drainage performance and slope stability. This program establishes a repeatable and defensible baseline for ongoing monitoring and maintenance prioritization.

Projected for FY26/27: In FY26/27, the GHAD will continue implementation of the B-58 inspection and maintenance program as part of its ongoing efforts to support the prevention, mitigation, abatement, or control of landslides. Drone-based inspections will be conducted in coordination with the annual cleaning program to ensure consistent documentation of system conditions and to maintain an updated inventory of asset performance.

Based on collected data and observed conditions, repair and replacement activities will continue on a prioritized, site-specific basis, focusing on segments where deficiencies may affect proper drainage function and contribute to conditions associated with threatened landslides. Additional efforts will include refinement of inspection protocols, continued integration of data into the GIS platform, and targeted re-inspections of higher-risk areas following significant storm events.

Phase 3 (implementation) of the B-58 program will also commence in FY26/27. This phase will focus on addressing findings from the inspection and evaluation efforts, including targeted repairs, maintenance, and system improvements where warranted. Work will be prioritized based on observed conditions and their relevance to maintaining effective surface drainage and supporting slope stability.

Estimated Budget **\$120,000**

Subdrain Systems Program

Outlet sites for subdrain systems must be monitored and maintenance provided to ensure outlets have not been damaged or impeded. Outlets will continue to be monitored under the existing protocol under the Operations Program. Maintenance costs will be deferred this fiscal year in favor of other program needs and as maintenance has recently been provided and not necessary in this budget.

Horizontal Drains – Study-driven Maintenance Schedule

Completed in FY25/26: During FY25/26, the GHAD initiated Phase 1 and Phase 2 efforts for the horizontal drain (HD) system, which serves a critical role in subsurface drainage and groundwater management associated with slope stability. This work includes, but is not limited to, a comprehensive review of existing documentation for approximately 280 horizontal drains within the GHAD.

Projected for FY26/27: In FY26/27, the GHAD will advance Phase 1 and Phase 2 field and reporting efforts for the horizontal drain system, including site verification, condition assessments, camera inspections, and identification of maintenance and repair needs. Work will also include efforts to locate previously unidentified drains where feasible, evaluation of system accessibility for cleaning operations, and development of updated inspection and maintenance protocols.

Additional efforts will include organization and standardization of system data, integration into the GIS platform, and implementation of improved maintenance practices, including installation of access features such as cleaning portals and resumption of cleaning operations where appropriate. These activities will support improved performance of subsurface drainage systems and enhance the GHAD’s ability to monitor and manage groundwater conditions associated with slope stability.

Phase 3 (Implementation) of the horizontal drain program will commence in FY26/27. This phase will focus on addressing findings from the inspection and evaluation efforts, including targeted repairs, maintenance, system reconfiguration, and completion of access improvements where warranted. Work will be prioritized based on observed conditions and the relative importance of each drain in supporting subsurface drainage and slope stability.

Estimated Budget **\$105,000**

Subdrain Outlets/Pumps – Study-driven Maintenance Schedule

Completed in FY25/26: During FY25/26, the GHAD completed Phase 1 and Phase 2 efforts for subdrain pump systems, which support groundwater management associated with slope stability. This work included assessment of the baseline condition of GHAD-maintained pumping facilities through field visits and review of exiting documentation.

In addition, the GHAD evaluated existing inspection and maintenance protocols, including maintenance schedules, scope, and associated costs, and developed recommendations for improved procedures and updated inspection schedules. These efforts establish a baseline understanding of system condition and performance and provide a framework for ongoing maintenance and operational planning consistent with the GHAD’s responsibility to prevent, mitigate, abate, or control landslides.

Projected for FY26/27: In FY26/27, the GHAD will implement Phase 3 (Implementation) of the subdrain pump systems program. This phase will focus on

executing the maintenance and operational improvements identified during the Phase 1 and Phase 2 efforts, including targeted maintenance, repairs, and system upgrades where warranted.

The GHAD will also continue routine monitoring and maintenance of its subdrain pumping facilities, including periodic operational checks and upkeep of equipment, instrumentation, and control systems to ensure continued reliability.

Work will be prioritized based on observed conditions and the importance of each system in supporting groundwater management and slope stability.

Estimated Budget **\$15,000**

Piezometers – Study-driven Maintenance Schedule

Completed in FY25/26: During FY25/26, the GHAD completed a comprehensive inspection and evaluation of its piezometer network (Phase 1 and 2), which provides critical groundwater elevation data used to monitor subsurface conditions associated with slope stability. All piezometer assets within the GHAD were observed, and program objectives including GPS verification, condition assessment, and standardized reporting were completed for each site.

Minor maintenance activities were performed where feasible, including debris removal, lock lubrication, and identification of obstructions or site access issues. In addition, select piezometers exhibiting minor deficiencies were addressed in the field, including stabilization of faulty bases to reduce the potential for surface water intrusion and ensure more reliable readings. Identification and security issues, such as missing/damaged locks, or deteriorated tags and markings, were documented for future correction.

This effort also reinforced the use of aerial drone support for site location and access planning, while confirming that internal inspection and condition evaluation are best performed through direct field methods. The results of this work have established a verified and standardized inventory of piezometer assets and a consistent baseline for ongoing monitoring and maintenance activities. This concluded Phase 1 and 2.

Projected for FY26/27: The piezometer network will continue to serve as a key component of the GHAD’s instrumentation program, providing data used to evaluate groundwater conditions, identify trends, and inform decision-making related to slope stability. As such, in FY26/27, Phase 3 (implementation) of the piezometer program will also commence in FY26/27. This phase will focus on addressing findings from the inspection and evaluation efforts, including targeted repairs, maintenance, and system improvements where warranted. Work will be prioritized based on observed conditions and the importance of each site in monitoring groundwater levels associated with slope stability, consistent with the GHAD’s responsibility to prevent, mitigate, abate, or control landslides.

Estimated Budget **\$40,000**

Settlement Monitors - Study-driven Maintenance Schedule

Over time, a number of project-related settlement monitors have been placed throughout the development. These monitors were, in large part, installed as part of new monitoring programs and exist in several areas of the District. Although older or obsolete instrument sites may periodically be evaluated for decommissioning, no such work is currently planned for this fiscal year.

Estimated Budget **\$0**

Retention Basins - Study-driven Maintenance Schedule

Previously protracted drought and then heavy rain load conditions in northern California have resulted in significant variance of water level surfaces in many dual-purpose storm water retention facilities in the area, including the Canyon Lakes development. The GHAD manager has actively worked with local Homeowners Associations and jurisdictional agencies to further explore the potential risk ramifications to collectively plan for impacts. This fiscal year efforts will be made to analyze the watercourse between the Lakes at Canyon Lakes and Canyon Lakes Drive (“Watson Canyon”). A preceding Test Study will inform inspection protocol and actions if necessary.

Estimated Budget **\$45,000**

Debris Benches - Study-driven Maintenance Schedule

Completed in FY25/26: During FY25/26, Phase 1 and Phase 2 efforts were completed, including comprehensive field inspections and aerial drone documentation for each debris bench to establish baseline conditions and confirm functionality. Observations indicate that the debris benches are performing as intended, with no current deficiencies affecting drainage patterns or structural integrity.

Standardized inspection protocols were developed, including implementation of consistent drone flight procedures to capture both detailed condition and broader site context. Recommendations were also established for permanent field identification markers to improve tracking and inspection efficiency. A recurring inspection and maintenance schedule was developed, including annual inspections and additional evaluations following significant storm events, with data organized to support ongoing comparison and trend analysis. All debris benches were marked in the field for more accurate identification and monitoring in the field.

Projected for FY26/27: In FY26/27, the GHAD will commence Phase 3 (Implementation) of the debris bench program. This phase will focus on maintaining and preserving the long-term functionality of debris benches through routine inspections, debris removal where necessary, and targeted maintenance activities identified during prior evaluations.

Additional efforts will include continued implementation and refinement of the drone-based inspection protocol, installation of permanent identification markers, and integration of debris bench data into the GIS platform to support consistent tracking and long-term asset

management. Monitoring efforts will emphasize comparison of current conditions with prior inspections to identify developing trends that may affect performance.

As part of Phase 3, a licensed soils engineer will evaluate debris benches to distinguish between those functioning primarily as debris catchment features and those serving as structural buttresses. This distinction will support more informed prioritization of maintenance and ensure that each bench continues to perform its intended role in supporting slope stability, consistent with the GHAD’s responsibility to prevent, mitigate, abate, or control landslides.

These efforts will support a proactive and systematic approach to managing debris benches as a long-term component of the GHAD’s slope stabilization infrastructure.

Estimated Budget **\$20,000**

Drain Inlets – Associated with GHAD Maintained Infrastructure

Completed in FY25/26: During FY25/26, Drain Inlets (DIs) were established as a distinct asset category within the GHAD’s storm drain system infrastructure program to allow for more refined management, tracking, and maintenance. Previously grouped with broader systems such as B-58 ditches or storm drain systems, this separation enables more precise condition assessment, targeted maintenance, and improved data organization, supporting a more systematic approach to managing surface drainage associated with slope stability.

Accordingly, Phase 1 and Phase 2 efforts were completed, including comprehensive field inspections to establish baseline conditions, photographic documentation, and centralized data collection. A standardized digital reporting platform and structured server organization were also implemented to support consistent tracking and long-term asset management.

Phase 2 efforts also included installation of permanent identification markers using a standardized naming convention and preparation of a comprehensive report summarizing findings. Based on these efforts, an ongoing inspection and maintenance schedule was developed to support systematic monitoring and maintenance of DI systems.

Projected for FY26/27: In FY26/27, the GHAD will commence with Phase 3 (Implementation) of the drop inlet systems program. This phase will focus on addressing findings from the inspection and evaluation efforts, including targeted maintenance, cleaning, repairs, and minor improvements where warranted to maintain proper drainage function.

Additional efforts will include continued use and refinement of the inspection and reporting system, integration of DI asset data into the GIS platform, and ongoing evaluation of system performance. Work will be prioritized based on observed conditions and the role of each inlet in supporting effective surface drainage and reducing conditions associated with threatened landslides.

These efforts will support a consistent and proactive approach to managing drop inlet systems as part of the GHAD’s broader drainage infrastructure program.

Estimated Budget **\$15,000**

Headwalls

During FY25/26, the GHAD completed Phase 1-3 efforts for all headwall systems, which function as key drainage points within the District’s drainage infrastructure supporting slope stability. Comprehensive field inspections and evaluations were performed for all identified headwalls, including documentation of location, condition, and operational characteristics. As such, no additional work is currently planned for this fiscal year.

Estimated Budget \$0

Minor Repairs

A budget is established annually for ongoing smaller projects or unanticipated minor projects within the Preventive Maintenance Program. Most current minor project sites have been incorporated into the Rain Event storms under the Major Projects program calendar. The Minor Projects Program may be used in collaboration with the Major Projects “Rain Event” program to manage groups of smaller repair projects.

Estimated Budget \$30,000

Winterization/Inventory - Study-driven Maintenance Schedule

The District provides an annual budget for procuring and storing an inventory of winterization materials and to provide for the costs of site installation. Winterization materials inventory have been fortified since significant depletion of materials during the last three season’s responses. With efforts to continue replenishment of emergency response materials, this year’s winterization measures should normalize once again. Inventory analyses, offsite storage, and procurement policies are planned for FY26/27.

Estimated Budget \$200,000

Emergency Response

During the winter rainy season, the Canyon Lakes GHAD responds to a range of urgent active and threatening landslides and 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 be the initiation of slope stabilization measures in preparation for a major repair.

Estimated Budget \$50,000

Operations

An inventory of onsite instrumentation including hundreds of piezometers, inclinometers, horizontal drains, subdrains, and settlement monuments are monitored periodically throughout

the year as a preventive measure. Collected data from these sites is analyzed and aggregated into the GIS for further analysis to establish trends.

Monitoring sites can be established for a variety of uses. Completed repair sites often require monitoring protocol 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. Archiving of historical data is ongoing integrating into the GHAD GIS as new features are designed and activated.

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, have been institutionalized as a role of Canyon Lakes GHAD management. All incidents are recorded within the GIS and move through the District response mechanisms as appropriate and consistent with the Canyon Lakes GHAD Plan of Control. GHAD has completed an updated user-friendly interactive website that provides a portal for property owners and stakeholders to report incidents or inquire about the GHAD's operations.

The GHAD manager receives updates in long-range weather and 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 seasonal heavy rain or seismic conditions. Preliminary NOAA reporting indicates atmospheric and oceanic conditions currently suggest approximately a one-in-three probability of elevated El Niño conditions during late 2026 and early 2027, although forecasts may change as additional data becomes available. These probabilities may change significantly during the ensuing months to either strengthen or weaken the probabilities of El Niño.

Estimated Budget **\$67,500**

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 Update

Amendment 3 to the Plan of Control (POC) has been adopted by the GHAD Board and put into use. Amendment 3 supersedes previous plans and addresses additional clarification and instruction with respect to the GHAD responsibilities and authorities. A modest allowance has been established for any activity that may involve the Plan of Control.

Estimated Budget **\$1,000**

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Reserve Study Update

The Canyon Lakes GHAD reserve fund study was originally completed in FY2002-2003. An extensive update to the plan was completed in fiscal year 2012-2013. This year GHAD initiated work on a comprehensive update to the Reserve Study in January 2026, as a coordinated effort with the Preventive Maintenance program to establish a baseline condition of mid-serviceable life for much of the infrastructure that GHAD manages. The programs communicate within a 3-phase infrastructure testing and evaluation program. The reserve study functions as a pro-forma (40 year) analysis of the financial needs of the GHAD. It serves as a tool to calculate the annual contribution required by the GHAD to build and maintain sufficient funds for emergencies and capital replacement programs based on past weather patterns, landslide repair costs, and general attrition. Historically, as a result of severe winters, draws have been necessary on the reserve fund. The current efforts to update the Reserve Study is anticipated to be completed in FY2026-2027.

Estimated Budget **\$35,000**

Special Studies

The Canyon Lakes GHAD intends to continue targeted and site-specific studies in the areas of fiscal policy and geologic risk. The GHAD, as we anticipate our 40th year, has the unique opportunity to address many of the issues surrounding long-term viability and sustainability within changing environmental and financial conditions. Using empirical data, we can assess potentially increasing financial loads and geologic risks that may accompany the physical maturation process of this District, as well as identifying infrastructure serviceability and project capital replacement costs in advance. We are confident that these studies have produced and will continue to produce beneficial results. The Special studies program has been modified this year to analyze and account for projected costs to continue site specific studies currently underway.

Estimated Budget **\$15,000**

Information Technology Systems (IT) and Geographic Information Systems (GIS)

Completed in FY25/26: In FY25/26 the GHAD developed a comprehensive Geographic Information System (GIS) solution to support the District's monitoring and management of geologic hazards and related incidents. The effort was organized into three phases and included system modernization, feature enhancements, and the deployment of mobile capabilities. In Phases 1 and 2, the existing GIS functionality was migrated into a new, more reliable platform. Building on that foundation, Phase 2 introduced enhanced features to improve overall system usability, reliability, and efficiency. In Phase 3, a mobile version was developed to improve field data entry and incident management. This included enabling field staff to create and update incidents in real time, upload photos, access asset information, and perform simplified searches.

Overall, this project significantly improved the District’s ability to monitor, document, and respond to geologic hazards. By modernizing the GIS platform and extending its functionality into the field, the contractor enhanced operational efficiency, improved data accuracy and accessibility, and equipped staff with tools necessary to make more timely and informed decisions.

Projected for FY26/27: Efforts in FY26/27 are anticipated to focus on ongoing system maintenance, implementation of bug fixes, and continued IT support to ensure reliable performance of the GIS platform. Additional work will include miscellaneous system improvements and refinements to further enhance usability, address evolving operational needs, and maintain long-term system effectiveness

Estimated Budget for IT and GIS \$150,000

Accounting System Upgrade

Periodic upgrades are necessary to enhance accounting system capabilities. The 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. The GHAD Treasurer and the General Manager work collaboratively to fortify the accounting systems, receivables and invoice processing procedures.

Estimated Budget \$20,000

Procedures Manual

GHAD continually upgrades procedures and modifies plans to incorporate new technologies that assist the GHAD in delivering the highest level of services. Procedures require certain modifications and enhancements as new methodologies are introduced and incorporated into the GHAD Standard Operation Procedures. Certain financial and operations procedures have been institutionalized within the program. Additional procedures will be incorporated to further define and standardize the following areas:

- Preventive Maintenance/Operations
- Contracts and Agreements
- Administrative Procedures
- Content Management Systems

Estimated Budget \$5,000

Communications Plan

The Canyon Lakes GHAD maintains a communications plan designed to keep constituents current on GHAD operations and developments. The plan addresses several venues and mediums in which to disseminate information within this District and to other concerned parties, and to establish clear and accessible channels for community interaction. The GHAD has now implemented a web page for public information and interaction and a multi-page

informational brochure has been completed and distributed to interested Homeowner Associations (HOA) that describes the GHAD and its responsibilities and limitations. Additionally, when asked, the General Manager writes periodic articles for the HOA newsletter

Estimated Budget \$5,000

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 Canyon Lakes GHAD Manager, in association with others make up the CAGHAD Board of Directors and share information and knowledge through a consortium of GHAD managers. The CAGHAD has obtained General Liability policies for its member GHADs.

Additional GHAD onboarding and participation has reduced relative premiums. Coverage for the Canyon Lakes GHAD is approximately \$4,500¹, plus administrative costs.

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

Estimated Budget \$11,000

Administration

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

Legal

General Counsel: GHAD management must interact regularly with GHAD Counsel. The day-to-day operations of the GHAD present a myriad of 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.

Estimated Budget \$15,000

Special Counsel/Litigation/Legal Concerns: GHAD management requires the services of special counsel from time to time in the areas of litigation, new legislation and other legal concerns.

Estimated Budget \$20,000

¹ 2025/2026 Premium referenced

Assessment Roll Update

Annually, the District funds an effort to recalculate the final assessment roll for the District. This budget allows for a periodic analysis of the comprehensiveness of the roll in addition to calculating the properties status and rate modifications.

Estimated Budget \$10,000

Staffing/Administrative Support

The Canyon Lakes GHAD staff includes the General Manager, Operations Manager, Construction Services Manager, an Administration Manager and frequently other support staff and consulting professionals. The General Manager administers all GHAD day-to-day operations, including financial budgeting and communications regarding its activities. The Operations Manager and Construction Services Manager, among other tasks, administer 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 Budget \$307,220