



Program Budget

FISCAL YEAR 2025-2026

APRIL 2025



May 5, 2025

Blackhawk GHAD Board of Directors
c/o Supervisor Candice Andersen (Chair)
309 Diablo Road
Danville, CA 94526

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

Dear Board Members:

Attached please find the proposed program budget for the Blackhawk Geologic Hazard Abatement District (“Blackhawk GHAD”, “GHAD” or “District”) for fiscal year 2025-2026. The proposed fiscal year budget totals \$3,965,000, which exceeds projected revenues and anticipates a \$666,838 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 \$13,095,938. A fund balance of \$12,429,100 is projected for June 30, 2026.

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

| | |
|---------------------------------------|------------|
| Major Projects | 47 percent |
| Preventive Maintenance and Operations | 28 percent |
| Special Projects | 8 percent |
| Administration, Legal, Accounting | 17 percent |

As a percentage of the annual budget, the Major Projects Program will utilize a smaller portion of the budget in FY25/26 as several large projects have been accomplished in FY24/25. After completing a site performance and monitoring analysis a large-scale landslide repair project was completed in the Blackhawk Executive Center that required both significant underground steel and concrete structures and conventional grading operations. An additional landslide repair project Phase 1 was completed in the Blackhawk Plaza Retail Center requiring road and utilities stabilization measures. Phase 2 is scheduled for FY25/26 that will secure an upper parking lot area and intermediate slope, completing the project.

The severe storm events from FY22/23 produced over 295 debris flows, mudflows, and landslides causing significant community damage to infrastructure, with damage estimates totaling over \$16,000,000. Following the initial events the Blackhawk GHAD immediately applied to the Federal Emergency Response Agency (FEMA), and the California Office of Emergency Services (CalOES) for federal and state disaster area funds. Damage and repair estimates include emergency response, cleanup, and protective measures, as well as engineering, construction, repair, and administrative costs. Repair and restoration efforts have been prioritized and will likely continue through the next several years. Highest priority sites have now received permanent stabilization measures and additional sites are being addressed on a priority bases as funding considerations allows.

Once federal, State and local declarations of emergency were established and the GHAD had submitted applications to the Federal Emergency Management Administration¹ (FEMA) and the California Office of

¹ FEMA Disaster DR4683CA

Emergency Services (CalOES), applications were approved for established grant programs. The application process through FEMA and CalOES has continued over the last twenty-eight months. A general timeline of events follows.

On March 11, 2024, GHAD received FEMA reimbursement funds of \$183,327.43, for emergency response debris cleanup efforts.

In July of 2024 the GHAD received a denial letter dated July 17, 2024, in which FEMA categorically determined the GHAD work did not qualify for funding finding that the District, although qualifying as an agency, did not establish [... *“legal responsibility/ownership of the slopes or ditches located on private property”*...] and [... *“its claim of legal authority to make disaster-related repairs.”*]².

On September 6, 2024, the GHAD Attorney timely filed an appeal³ defending the GHAD’s status of a qualifying agency with qualifying damage and work that has received funding for projects by FEMA on multiple occasions prior and providing clarity on several issues that were misrepresented or omitted from the denial letter.

Following, on November 12, 2024, after a significant investigation into the GHAD’s claim, the Governor’s Office of Emergency Services (CalOES) timely submitted a comprehensive support letter⁴ to FEMA in strong favor of the GHAD and its position and qualification for FEMA funding, by producing additional documentation from the GHAD supporting its legal responsibility to perform its mandated work and its legal authority to perform such emergency response work through property agreements.

FEMA regulations stipulate that a FEMA appeal review would ensue, and appeal decision issued within 90-days, or on or before February 10, 2025. To date the GHAD has not received any correspondence from FEMA as the GHAD Attorney has been working with US Congressman 10th District Mark DeSaulnier’s office to inquire status from FEMA.

Districtwide damage site protection work was continued through the summer of 2024 on a priority basis based on risk and District financial capabilities. Although restoration and repair work are likely to continue for several years, the GHAD has completed a robust schedule of temporarily stabilizing, monitoring, and maintaining damage sites in this the third year of recovery.

In a process of managing projects and costs through the budget year, and through a dynamic process of assigning and prioritizing risk throughout the year, GHAD management may simultaneously contract or suspend other discretionary budget project work and studies within the various budget programs in favor of funding more urgent projects. This budget represents such a process underway to assess and assign risk and priority as the storm related damage inventory is addressed.

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.

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 40-years it suggests that much of the infrastructure is

² FEMA “Eligibility Determination Memorandum – Blackhawk Geologic Hazard Abatement District – Multiple Projects”, Dated July 17, 2024

³ Fennemore Wendel “Appeal of FEMA Eligibility Determination Memorandum (dated 7/17/24) Subrecipient – Blackhawk Geologic Hazard Abatement District FEMA-4683-DR/CDAA 2023-01” dated September 6, 2024

⁴ CalOES First Appeal, Multiple Projects Fema-4683-DR-CA, 2022-2023 Early Winter Storms Cal OES ID: 013-91069 FEMA ID: 017-UVZOO-00 Subrecipient: Blackhawk Geologic Hazard Abatement District Cal OES Log: COR-004409 FEMA Log: None Grants Portal Appeal No: Appeal 1211

approximately 50% through its serviceable life as projected in the GHAD's Reserve Study, based on widely used open-source empirical data, testing and projections. 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 as well as projecting recurring maintenance and capital repair costs. The program test studies have thus far identified and proposed actions to increase or restore infrastructure longevity. These studies will continue in fiscal year 25/26 to provide additional necessary information as we begin programs to address 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) of the accompanied Budget Report with the designation of "*Study-driven Maintenance Schedule*" is a program element that is subject to the Test Study results and protocol.

Notwithstanding special site monitoring protocol described above, the Operations Program will continue its typical monitoring profile throughout this period. Any deferred study and maintenance programs will be reinstated and implemented as appropriate.

Within the Special Projects Program, most notable projects will be the continuation of the new GIS and IT improvements. The GIS Phase I has been completed to build a new system and migrate all aspects and data of the previous system with numerous upgrades in efficiency and usability. Phase 2 of the GIS has begun to add additional features allowing the system to gather and process data into useful reports for management to assess risks and trends. Phase 3 of the GIS will allow data to be added to the system from the field expediting the process of collecting, aggregating and reporting data collection from instrumentation and project field operations.

Information Technology (IT) and Content Management System (CMS) systems are in the process of upgrades to enhance field operations access and standardized nomenclature. The upgrades will also comply with ongoing efforts to maintain data security in changing environments.

This budget anticipates continued strengthening and building efficiencies within the Administration Program, by developing and implementing an advanced Information Technology (IT) system; upgraded 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 our 40-year reserve study. 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 Blackhawk GHAD Board appointed attorney, Patricia Curtin of Fennemore, Wendel, LLP in a variety of areas including GHAD law, land use, contracts and agreements, claims processing and Federal, State and local Government agency matters.

A summary of the expenses is shown of Table 1, pages 4 through 6. A summary of the planned projects and projected expenses are shown and followed by brief descriptions of each of the budget items on pages 7 through 18.

Respectfully yours,

Blackhawk Geologic Hazard Abatement District



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

LAFFER | TENGLER

INVESTMENTS

May 19, 2025

Board of Directors
Blackhawk 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 Blackhawk 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 Blackhawk 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 Blackhawk 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 |

www.LafferTengler.com

Laffer Tengler Investments is a ButcherJoseph company.

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INVESTMENTS

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

Respectfully submitted,



Nancy Tengler
CEO and Chief Investment Officer
Laffer Tengler Investments

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

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GHAD Attorney:

Patricia Curtin, Esq. (Blackhawk 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 Road, Suite 130
Scottsdale, AZ 85253

Upon Execution: The management will post approved Budget at www.blackhawkghad.com

Blackhawk Homeowners Association
4125 Blackhawk Plaza Circle, #105
Danville, CA 94506
Attn: Melissa Manzo

Hidden Oaks at Blackhawk
c/o Community Care Property Management
PO Box 269
Oakley, CA 94561

Tennis Villas at Blackhawk
c/o CMJ Associates, Inc.
PO Box 190
Pleasanton, CA 94566

Saddleback at Blackhawk
c/o Jean Bates & Associates
70 Railroad Avenue
Danville, CA 94506

Silver Oak Townhomes at Blackhawk
Canyons at Blackhawk
c/o Bridgeport Company
1 Annabel Lane #217
San Ramon, CA 94583
Attn: Bill Bavelas

Blackhawk Country Club
599 Blackhawk Club Drive
Danville, CA 94506
Attn: Kevin Sullivan

Executive Summary - Fiscal Year 2025-2026

- **Major Projects Program**

The portion of the budget allocated to Major Projects has been reduced in FY25/26. This reduction is due to the completion of several large-scale landslide repair projects in FY24/25, including significant work at the Blackhawk Executive Center and the first phase at Blackhawk Plaza Retail Center. In FY25/26, Phase 2 of the Blackhawk Plaza project remains as a major project as well as Kingswood Place Phase 2, and a prioritized schedule of Rain Event 2022/2023 damage repairs.

- **Preventive Maintenance and Operations**

The Preventive Maintenance Program remains robust, with a comprehensive infrastructure test study initiated in late FY24/25 to assess conditions and update the maintenance schedule. This study-driven approach will continue into FY25/26, aiming to address infrastructure weaknesses and reset serviceable life projections.

- Ongoing Disaster Recovery

Restoration and repair efforts from the severe FY22/23 storms are continuing, but the highest-priority sites have now received permanent stabilization. Additional sites are being addressed as funding allows, with the process expected to continue for several years.

- **Special Projects**

The Special Projects Program continues to focus on GIS and IT system improvements. Phase 1 of the GIS upgrade was completed in FY24/25, and Phases 2 and 3 adding advanced data collection and reporting capabilities will proceed in FY25/26. IT and CMS upgrades for data security and field operations are also ongoing.

- FEMA/CalOES Funding Status

In FY24/25, the District received some FEMA reimbursement for emergency cleanup. However, a categorical denial was issued by FEMA for further funding, which is now under appeal with support from CalOES. The outcome of this appeal remains pending.

- **Administration**

Continued emphasis on strengthening administrative functions, legal counsel, and financial oversight, including ongoing collaboration with the Treasurer to monitor reserve impacts against long-term projections.

- Budget Deficit and Reserve Draw

The proposed FY25/26 budget anticipates a deficit of \$666,838, requiring a draw from reserves. The fund balance is projected to decrease from approximately \$13.1 million at the end of FY24/25 to \$12.4 million at the end of FY25/26, reflecting increased expenditures over revenues.

In summary:

The FY25/26 budget reflects a transition from large-scale emergency repairs to a more balanced focus on ongoing maintenance, risk prioritization, field instrumentation and assets status and technology upgrades. The budget requires a reserve draw due to expenditures exceeding revenues, and the District continues to await the outcome of a major FEMA funding appeal. The preventive maintenance program is being enhanced through new infrastructure studies, and technology investments are being expanded to improve operational efficiency.

Blackhawk 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 Blackhawk Geologic Hazard Abatement District (“Blackhawk 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.

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 \$100,000.

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 Blackhawk GHAD Plan of Control.

Typical Blackhawk GHAD assets include concrete lined ditches, sub-drainage 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 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 Blackhawk GHAD pursues ongoing and new activities identified as “Special Projects.” 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 efficiencies of the day-to-day operations of the GHAD. Establishment, testing, improving, and placing into service a new Geographic Information System (GIS) has been one of many successful fruitions of the Special Projects Program.

Administration

Administrative expenses are required to operate the Blackhawk GHAD and implement projects and programs. 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.

| | |
|---|---------------------|
| General Manager Program Budget FY25/26 | \$486,000.00 |
| Operations Manager Program Budget FY25/26 | <u>\$324,000.00</u> |
| | \$810,000.00 |

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 will retain the necessary professionals, including without limitation, engineers, accounting professionals and vendors to facilitate the operations of the 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.

Within the General Management of the Blackhawk 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 for response distribution or future study programs. 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 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 2025-2026 Budget is presented in Table 1 on the following pages.

Table 1 – Summary of Proposal Fiscal Year 2025/2026 Budget

| Budget Item | Budget Amount | % of Total Budget |
|--|---------------------|-------------------|
| Major Projects | | |
| Landslide Repair - Blackhawk Plaza - Phase 2 | \$ 275,000 | |
| Rain Event 2022/2023 - Kingswood Place Landslide Repair - Phase 2 | \$ 185,000 | |
| Rain Event 2022/2023 - Damage Repairs (priority-based list) | \$ 1,220,000 | |
| Landscape Replacement (associated with GHAD repairs) | \$ 120,000 | |
| (limited to no greater than 10% of repair costs)* | \$ - | |
| Study/Project: Hole 11 (Falls Course) Retention Basin Siltation Mitigation Prog.** | \$ 75,000 | |
| | | |
| Total Major Projects | \$ 1,875,000 | 47.00% |

| Preventive Maintenance/Operations | | |
|--|-------------------|--|
| Preventive Maintenance | | |
| Drainage | | |
| Storm Drain Facilities - Study-driven Maintenance Schedule | \$ 75,000 | |
| B-58 Concrete Lined Ditches | | |
| Maintenance/Cleaning/Mapping | \$ 60,000 | |
| Repair and Replace - Study-driven Maintenance Schedule | \$ 100,000 | |
| Subdrain Systems | | |
| Horizontal Drains - Study-driven Maintenance Schedule | \$ 150,000 | |
| Subdrain Outlets/Pumps | \$ 5,000 | |
| Debris Catchment Walls - Study-driven Maintenance Schedule | | |
| Temporary Walls | \$ 85,000 | |
| Permanent Walls | \$ 8,500 | |
| Piezometers - Study-driven Maintenance Schedule | \$ 40,000 | |
| Settlement Monitors - Study-driven Maintenance Schedule | \$ 15,000 | |
| Retention Basins Maintenance - Study-driven Maintenance Schedule | \$ 10,000 | |
| Minor Repairs | \$ 10,000 | |
| Winterization/Inventory | \$ 140,000 | |
| Emergency Response | \$ 75,000 | |
| Debris Benches - Study-driven Maintenance Schedule | \$ 180,000 | |
| Subtotal | \$ 953,500 | |

| | | |
|-----------------------------|-----------|--|
| Operations | | |
| Piezometer Monitoring | \$ 10,000 | |
| Horizontal Drain Monitoring | \$ 10,000 | |

| | | |
|--|---------------------|---------------|
| Subdrain Monitoring | \$ 10,000 | |
| Settlement Monitoring | \$ 25,000 | |
| Inventory Management | \$ 15,000 | |
| Incident Response/Community Relations | \$ 95,000 | |
| Subtotal | \$ 165,000 | |
| Total Preventive Maintenance/Operations | \$ 1,118,500 | 28.00% |

| | | |
|--|-------------------|--------------|
| Special Projects | | |
| Plan of Control | \$ 1,000 | |
| Reserve Study | \$ 10,000 | |
| Special Studies | \$ 20,000 | |
| Information Technology/Content Management | \$ 50,000 | |
| Geographic Information Systems | \$ 100,000 | |
| Accounting Systems Upgrade | \$ 30,000 | |
| Procedures Manual | \$ 5,000 | |
| Communications Program | \$ 10,000 | |
| CA Association of GHADs - Membership/Insurance | \$ 13,000 | |
| FEMA | \$ 50,000 | |
| Total Special Projects | \$ 289,000 | 8.00% |

| | | |
|--|-------------------|---------------|
| Administration | | |
| Legal Fees | | |
| General Counsel | \$ 15,000 | |
| Special Counsel | \$ 15,000 | |
| Litigation/Legal Concerns | \$ 20,000 | |
| FEMA - Disaster 4683 | \$ 75,000 | |
| HOA | \$ 5,000.00 | |
| Assessment Roll Update | \$ 4,000 | |
| Data Security | | |
| Insurance/Compliance | \$ 10,000 | |
| Administrative Support | | |
| Staffing/Administrative Support | \$ 324,000.00 | |
| Accounting/Financial Services | \$ 162,000.00 | |
| Training/Education | \$ 10,000 | |
| Office - Rent/Supplies/Equipment/Lease | \$ 43,000 | |
| Total Administration | \$ 683,000 | 17.00% |

| | | |
|--|---------------------|-------------|
| TOTAL PROPOSED BUDGET FY2025/2026 | \$ 3,965,500 | 100% |
|--|---------------------|-------------|

| | |
|--|----------------------|
| Available Funds | |
| Estimated Beginning Fund Balance - July 1, 2025*** | \$ 13,095,938 |
| Estimated Contributions from M-23 (M-23 Surplus)**** | \$ 2,769,844 |
| Estimated Interest on Investments/Change in Value | \$ 528,818 |
| Other Income (FEMA - DR4683) | \$ - |
| Total Available Funds | \$ 16,394,600 |
| Use of Funds | |
| Major Projects | \$ 1,875,000 |
| Preventive Maintenance | \$ 1,118,500 |
| Special Projects | \$ 289,000 |
| Administrative | \$ 683,000 |
| Total Use of Funds | \$ 3,965,500 |
| Estimated Reserve Available/Ending Fund Balance June 30, 2026 | \$ 12,429,100 |

* Pursuant to the Blackhawk GHAD Plan of Control – Section IX B-1

** 3-party (Blackhawk HOA, Blackhawk Country Club, Blackhawk GHAD Desiltation and Mitigation Program)

*** Includes estimated accrued true-up revenue payment (Sept 2025) of \$134,371. Projected Fund Balance date of publication - (pending CSA M-23 FY24/25 actual expenses).

**** Estimated FY25/26 Revenue has been represented anticipating revenues may be adjusted as a result of current economic conditions. If there exists a material change in revenue numbers once Contra Costa County Assessor's Office publishes CSA M-23 revenues for the period (expected in June 2025), this budget will be revised to represent such changes and, if material, the GHAD Board will be notified. Estimated Surplus Revenue after CSA M-23 FY25/26 Budget.

DESCRIPTION OF BUDGET ITEMS

Major Projects

Storm Events Damage Repairs

Beginning December 27, 2022, and continuing for successive months, Northern California and the Bay Area received an extraordinary number of atmospheric river⁵ storms. The great number and intensity of storms in the Blackhawk community produced over 295 mudflows, debris flows and landslides. The GHAD responded immediately with field operations to address many of the sites and control debris, restore access to roads and community drainage systems. The Blackhawk Homeowners Association (HOA) as well as the Blackhawk Country Club (Club) worked together with the GHAD to provide and restore services to the community.

Once federal, State and local declarations of emergency were established the GHAD submitted applications to the Federal Emergency Management Administration⁶ (FEMA) and the California Office of Emergency Services (Cal OES) to apply for financial relief through established grant programs. The application process through FEMA and CalOES has continued over the last twenty-eight months.

On March 11, 2024, GHAD received FEMA reimbursement funds of \$183,327.43, for emergency response debris cleanup efforts.

In July of 2024 the GHAD received a denial letter dated July 17, 2024, in which FEMA determined the GHAD categorically did not qualify for funding, finding that the District, although qualifying as an agency did not establish [... *“legal responsibility/ownership of the slopes or ditches located on private property”*...] and [... *“its claim of legal authority to make disaster-related repairs.”*]⁷.

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FEMA regulations stipulate that a FEMA review would ensue, and appeal decision issued within 90-days, or on or before February 10, 2025. To date the GHAD has not received any

⁵ Department of Energy (.gov) <http://www.energy.gov> > science > doa-explainsatmospheric-rivers#

⁶ FEMA Disaster DR4683CA

⁷ FEMA “Eligibility Determination Memorandum – Blackhawk Geologic Hazard Abatement District – Multiple Projects”, Dated July 17, 2024

⁸ Fennemore Wendel “Appeal of FEMA Eligibility Determination Memorandum (dated 7/17/24) Subrecipient – Blackhawk Geologic Hazard Abatement District FEMA-4683-DR/CDAA 2023-01” dated September 6, 2024

⁹ CalOES First Appeal, Multiple Projects Fema-4683-DR-CA, 2022-2023 Early Winter Storms Cal OES ID: 013-91069 FEMA ID: 017-UVZOO-00 Subrecipient: Blackhawk Geologic Hazard Abatement District Cal OES Log: COR-004409 FEMA Log: None Grants Portal Appeal No: Appeal 1211

correspondence from FEMA as the GHAD Attorney has been working with US Congressman 10th District Mark DeSaulnier’s office to inquire status.

Districtwide damage site protection work was addressed through the summer of 2024 on a priority basis based on risk and District financial capabilities. Although restoration and repair work are likely to continue for several years, the GHAD has completed a robust schedule of temporarily stabilizing, monitoring and maintaining damage sites in this the third year of recovery.

Estimated Budget for Selected Storm Related Sites \$1,220,000

Kingswood Place Landslide Repair - Phase 2

The Kingswood Place Landslide occurred during the heavy storms of FY22/23. After significant initial efforts to temporarily stabilize the landslide mass in FY22/23, the upper slide mass began to move slightly in FY24/25 requiring a second effort to stabilize the upper portion of the landslide (Phase1) in FY24/25. Phase 2 to stabilize the lower portion of the slide is scheduled to occur in FY25/26.

Estimated Cost \$185,000

STUDIES: Studies, as they relate to field conditions, are essential and are designed to analyze specific sets of aggregated empirical data with the intent of assessing condition of infrastructure and efficacy of instrumentation data collection. Through this effort, specific studies inform management about how to tailor programs to capitalize on the most effective preemptive measures as the GHAD implements its Major Projects Program and Preventive Maintenance Program.

Study/Project - Hole #11 Falls Course Retention Basin Maintenance

The Hole #11 Falls Course Retention Basin receives storm runoff and silt-laden water from the West Branch of Alamo Creek. The retention basin requires silt removal periodically. The GHAD, Blackhawk Country Club and Blackhawk HOA have historically cooperated to address this issue. The Country club has hired a consultant to perform a hydrological study of the creek and silt basin with the intention to determine whether upstream facilities could be introduced to further control silt mobilization through the creek channel. The GHAD has an interest in these concepts to not only litigate the silt quantities deposited in the retention basin, but also how these efforts could also mitigate potential slope stability issues within the watercourse system.

Estimated Cost \$75,000

Parking Lot Settlement – Blackhawk Plaza – Phase 2

Study/Project: After a significant study of onsite instrumentation, it was determined that slope stability efforts would be warranted. A repair project design was generated utilizing steel and concrete piers to support the parking lot, access road and utilities. Phase 1 was completed in the Blackhawk Plaza Retail Center requiring road and utilities stabilization. Phase 2 is scheduled for FY25/26 that will secure an upper parking lot area and intermediate slope, completing the slope stabilization project.

Estimated Cost \$275,000

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 complying with Section (IX B-1) of 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 \$120,000

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 40-years it suggests that much of the infrastructure is approximately 50% through its serviceable life as projected in the GHAD's Reserve Study, based on widely used data and projections. 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 Drains/Facilities – Study-driven Maintenance Schedule

Storm drains and drain inlets associated with B-58 drainage systems occasionally need repair or replacing. Assessments of above-ground structures are made during the annual cleaning events in early fall. Increased budgets for Storm Water Facilities have been anticipation of additional infrastructure damage because of the extraordinary rains experienced over recent winters and natural aging of concrete infrastructure over time. In addition to our annual above-ground facilities inspections the GHAD has begun designing an in-situ video monitoring and assessment program to begin tracking any degradation of only District maintained subterranean structures after approximately 50 years of operation, pre-dating the GHAD formation. The expected serviceable

life of this form of infrastructure is estimated to be between 75-100 years¹⁰. We will continue the program design in FY25/26 and continued scheduled inspection protocol in early FY25/26.

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

Estimated Budget \$60,000

Repair and Replacement – Study-driven Maintenance Schedule As a result of intensified efforts in recent years, a total of around 2300 lineal feet of B-58 have been replaced and several-thousand lineal feet of B-58 repaired. A priority has been established based on the degree of damage and associated risk to improved properties, and a percentage of these replacement projects will be budgeted throughout the upcoming years. This year's budget will be utilized on repairs to existing B-58s on a site-by-site basis.

Estimated Budget \$100,000

Subdrain Systems

Outlet sites and pumping facilities for subdrain systems must be monitored and maintenance provided to ensure outlets have not been damaged or impeded. This budget will allow for an inspection and minor maintenance of these sites.

Horizontal Drains – Study-driven Maintenance Schedule

The District Manager has placed a high priority on verifying the condition and restoring as many existing horizontal drains throughout the development as possible. A definitive list of sites requiring maintenance has been determined and work continues restoring the sites and installing cleaning portals on each of the locations. Currently the horizontal drain cleaning program is active with approximately 60% of the portal installations completed. Continuing in FY25/26 the site maintenance portals installation program will be completed, and cleaning operations will resume as recommended by the Test Study results.

Estimated Budget \$150,000

Subdrain Outlets/Pumps

The Blackhawk GHAD conducts ongoing 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 as well as the

¹⁰ ASCE – “Life-Cycle Design, Assessment, and Maintenance of Structures and Infrastructure Systems (2019)

additional introduction of the subdrain systems into the District GIS system has been incorporated into this budget item.

The GHAD maintains a subdrain pumping facility located adjacent to Hole #1 of the Lakes Course Country Club. Periodic site checks for operation are required. In recent years the equipment, instrumentation and electronics have been updated. This year, maintenance will be performed at this site to ensure the continued reliability of this system and facility.

Estimated Budget \$5,000

Debris Catchment Walls – Study-driven Maintenance Schedule

Temporary Walls – A large number of temporary debris walls have been installed as a result of the FY22/23 extraordinary rains. These walls are designed as a mitigation to protect threatened improvements, roads and facilities from further damage as a result of soil material moving downslope during subsequent rain events, and within an overall site protection scheme. Because of the temporary nature of these walls they require maintenance to ensure the protective aspect of their performance is maintained. The GHAD has projected a 5-year serviceable life for these installations anticipating that these walls would be replaced with a permanent solution once it is known whether the GHAD will receive FEMA funding.

Estimated Budget \$85,000

Permanent Walls – Permanent debris walls are in use in areas of the District where grading operations alone cannot provide the security level that the GHAD requires for downslope improvements. These walls are designed for a 20/30-year serviceable life with scheduled maintenance procedures.

Estimated Budget \$8,500

Piezometers – Study-driven Maintenance Schedule

The District reads and maintains in excess of 100 piezometers measuring ground water elevations. A definitive list of sites requiring repairs have been determined and work continues restoring a number of sites and installing identification markers. The work this year will continue including a greater number of site restorations and inclusion of the sites into the GIS. Field operations will be modified as efforts are in place to fortify instrument location sites from damage and increase efficiencies in data collection and transmission by utilizing advancements in GPS locating of sites.

Estimated Budget \$40,000

Settlement Monitors – Study-driven Maintenance Schedule

Over time, a number of 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. Older, obsolete instrument sites will be evaluated, and if appropriate, decommissioned.

Estimated Budget \$15,000

Retention Basins– Study-driven Maintenance Schedule

There are seven retention basins within the District boundaries. Three basins are unimproved retention basins and are maintained exclusively by the Contra Costa County Flood Control District through CSA M-23. Blackhawk GHAD, as well as the property owners, perform certain periodic maintenance operations at the other four basin locations. In a collective agreement with the Homeowners Association, The Country Club (landowner), and the GHAD, de-siltation efforts have been periodically completed on two retention basins.

Estimated Budget \$10,000

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. A modest allowance has been assigned for unknown sites that may emerge throughout the year.

Estimated Budget \$10,000

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. To replenish and keep materials available, inventories are routinely taken, and materials procured. Because of last year’s rain events, damage responses continued for several months exhausting inventory required to install protective measures. Additional site protection materials have been needed to reestablish and or monitor/maintain sites. This year’s winterization materials needs are expected to exceed normal parameters for procurement and site maintenance expenses. Therefore, the budget has been increased from previous years.

Estimated Budget \$140,000

Emergency Response

During the winter rainy season, the Blackhawk GHAD responds to a range of urgent, active and 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 Budget \$75,000

Debris Benches – Study-driven Maintenance Schedule

Numerous earthen debris benches exist throughout the District. It is essential that these facilities be periodically 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 those benches identified during the study and routine monitoring events.

Estimated Budget \$180,000

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 Blackhawk GHAD management. All incidents are recorded within the GIS and move through the District response mechanisms as is appropriate and consistent with the Blackhawk GHAD Plan of Control. GHAD is currently completed an updated user-friendly interactive website that will provide 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.

Operations Program Estimated Budget \$165,000

Special Projects

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

Plan of Control Update

Amendment 4 to the Plan of Control (POC) was adopted by the GHAD Board in 2024 and put into use. Amendment 4 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

Reserve Study Update

The Blackhawk GHAD reserve fund study was originally completed in FY2002-2003. An extensive update to the plan was completed in fiscal year 2012-2013. The reserve study functions as a pro-forma (40 year) analysis of the financial needs of the Blackhawk 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. Work has been completed on an independent analysis of the fund health and methodologies. This analysis has been used in updating the pro-forma plan and provides instruction to GHAD management as to the necessary reserve demands over time.

Estimated Budget \$10,000

Special Studies

The Blackhawk 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 \$20,000

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

The Blackhawk GHAD completed an upgrade to its GIS to include all the GHAD's data collection and monitoring operations. The current system is run from internal servers, combined with secure and private "Cloud" storage. After independent input from several GIS experts, the GHAD has selected a GIS designer, and contracts were let, and several phases of the GIS system have been presented in beta form and finalized as to the replication and improvements of the pre-existing system. Recently the new GIS has gone live, and the next phases have begun that will include enhanced mobilization integration. It is expected that work will continue into FY25/26 to build additional efficiencies into the system.

With recent rising international data risks, the GHAD has incorporated additional safeguards and efficiencies to protect data by exclusively utilizing cloud-based data storage systems. Work will continue to complete the process of content management, data migration, software updates and training.

Additionally, the GHAD website www.blackhawkghad.com has continued to provide a mechanism to disseminate information to our constituents. Both our ongoing IT system, the new GIS system and the GHAD website continue to modernize as appropriate to provide security and user access in our efforts to communicate with our constituents.

In our continued efforts to work to enhance our open communication profile with District constituents and stakeholders within the Blackhawk community, we have implemented a new user-friendly website that will allow constituents to post incidents or concerns directly to the website, therefore expediting a response to their concerns and informing the GHAD about the important particulars and characteristics of the incident, whether as non-emergent issues, or quick-response needs during heavy incident reporting events. The site has been in use for approximately 6-months and has been well received by the community and stakeholders.

Estimated Budget \$150,000

Accounting System Upgrade

Periodic upgrades are necessary to enhance accounting system capabilities. The Blackhawk GHAD utilizes expense accounting software to assist in reporting and the day-to-day operation of the District. Ongoing accounting system enhancements are being 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 \$30,000

Procedures Manual

The Blackhawk 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
- Standard Form Contracts (Evaluation)
- Administrative Procedures (Evaluation)
- Content Management Systems

Estimated Budget \$5,000

Communications Plan

The Blackhawk 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 \$10,000

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 Blackhawk 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 Blackhawk GHAD is approximately \$9,000¹¹, plus administrative costs.

Additionally, the GHAD manager participates in the CAGHADs as the organization pursues other financial instruments that may provide the Blackhawk 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 \$13,000

FEMA Administration

An administrative budget has been established to allow GHAD management and consultants to continue to pursue Federal and State funds through grant programs offered by the Federal and State Emergency Response agencies. If funding is awarded, a portion of administrative costs are recoverable.

Estimated Budget \$50,000

¹¹ 2024/2025 Premium referenced

Administration

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

Legal

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

Estimated Budget 15,000

Special Counsel (FEMA) – Blackhawk GHAD management requires the services of special counsel from time to time in the areas of litigation and other legal concerns. Currently GHAD General legal counsel is assisted the General Manager with active FEMA and CalOES applications. After a very intense application process for the last 16 months, the GHAD application for funds have been suspended pending FEMA legal counsel to consider further GHAD eligibility.

Estimated Budget \$35,000

HOA

Periodically specific communication, research or other common interest issues arise where GHAD is asked to provide information, documentation, etc.

Estimated Budget \$5,000

Tax Assessment Roll Update

GHAD annually asks a consultant to provide the current tax rolls for the GHAD. There is need as well for ad hoc utilization of consultants to research specific property assessment status.

Estimated Budget \$4,000

Data Security – Insurance/Compliance

In an effort to address changing data security needs the GHAD will conduct a review and include updated data insurance as needed.

Estimated Budget \$10,000

Staffing/Administrative Support

The Blackhawk 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 \$539,000