# SAN BENITO GEOLOGIC HAZARD ABATEMENT DISTRICT
# PROGRAM BUDGET FOR FISCAL YEAR 2026/27

May 15, 2026

San Benito Geologic Hazard Abatement District Board of Directors
Boardmember Dom Zanger
Boardmember Kollin Kosmicki
Boardmember Mindy Sotelo
Boardmember Angela Curro
Boardmember Ignacio Velazquez

San Benito Geologic Hazard Abatement District
481 4th Street, 1st Floor
Hollister, CA 95023

Subject: The Promontory at Ridgemark Development
Tract 353
San Benito County, California

**PROGRAM BUDGET FOR FISCAL YEAR 2026/27**

Dear Boardmembers:

Attached is the program budget for the San Benito Geologic Hazard Abatement District (GHAD) for Fiscal Year (FY) 2026/27. The proposed program budget is $133,906. The budget expenses are broken down into the following amounts.

Administration – GHAD Manager ....................................... $23,300
Administration - Outside Professional Services .................... $8,848
Preventive Maintenance and Operations ........................... $98,758
Special Projects .................................................................. $3,000
Major Repair ............................................................................. $0

The budget anticipates FY 2026/27 revenue of $151,898, with an estimated contribution of $17,993 to the reserve fund. A summary of the expenses is shown in Table 3, followed by a brief description of each budget item on the following pages.

If you have any questions regarding the contents of this letter, please contact us.

Sincerely,

San Benito Geologic Hazard Abatement District
ENGEO Incorporated, GHAD Manager
ENGEO Project No. 13072.002.025

Haley J Ralston

Haley Ralston

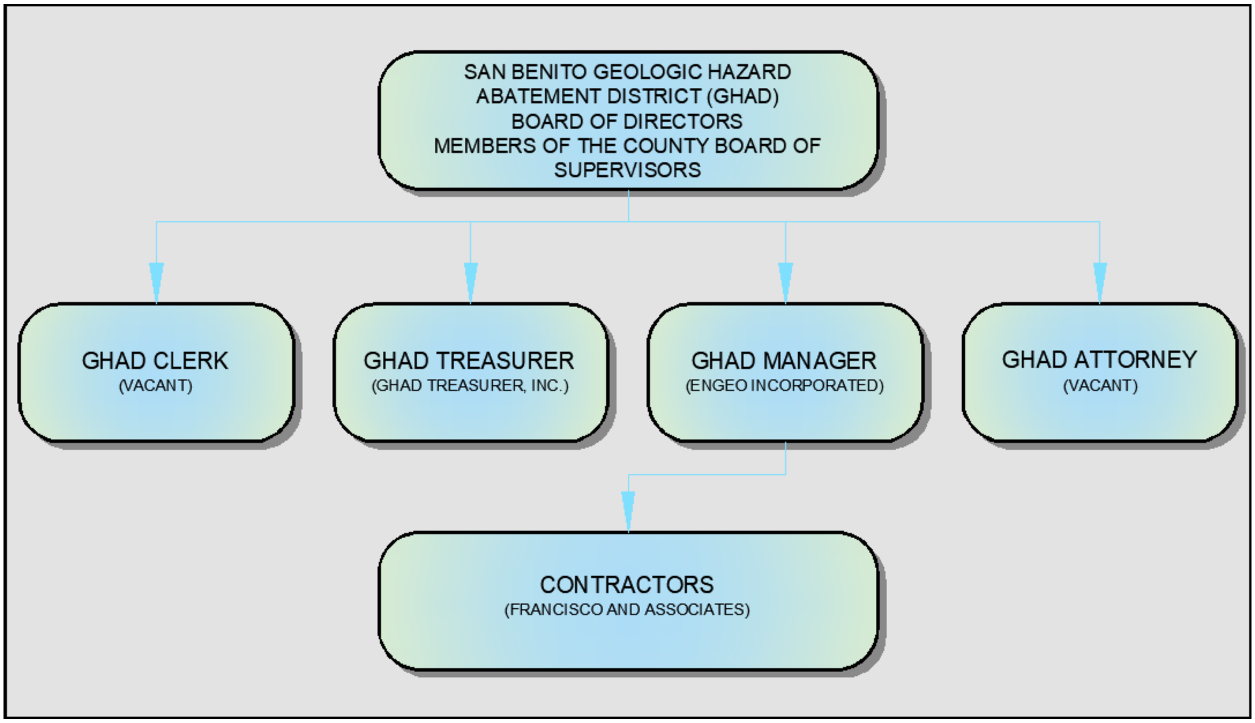
Robert H. Boeche

hjr/rhb/ca

# SAN BENITO GEOLOGIC HAZARD ABATEMENT DISTRICT
# PROPOSED PROGRAM BUDGET
# FISCAL YEAR 2026/27

The following proposed program budget summarizes the anticipated revenues and expenditures for FY 2026/27 for the San Benito Geologic Hazard Abatement District (GHAD). The structure of the San Benito GHAD is shown below.

**EXHIBIT 1: San Benito GHAD Structure**




The GHAD accepted monitoring, maintenance, and/or ownership of parcels within The Promontory at Ridgemont development with Resolution 2026-02 on April 28, 2026.

The GHAD is funded through real property assessments. The Board of Directors approved the Engineer's Report for The Promontory at Ridgemark development in the GHAD and set the initial assessment limit. The assessment limit has been adjusted annually on December 31 to reflect the percentage change in the San Francisco-Oakland-Hayward Consumer Price Index (CPI) for All Urban Consumers. Previously, GHAD Staff used April as the annual CPI reference month, but transitioned to December as the reference month in FY 2025-26. The FY 2026/27 budget has been prepared with the December 2025 published CPI.

The annual assessment limits are shown in Table 2.

**TABLE 2: Actual CPI Adjustments and Assessment Limit for Residential Properties**

| FISCAL YEAR | INDEX DATE | SAN FRANCISCO-OAKLAND-HAYWARD CPI | ANNUAL ASSESSMENT LIMIT[1] |
|---|---|---|---|
| 2021/2022 | 4/30/2021 | | $1,332.00 |
| 2022/2023 | 4/30/2022 | 5.00% | $1,398.55 |
| 2023/2024 | 4/30/2023 | 4.19% | $1,457.17 |
| 2024/2025 | 4/30/2024 | 3.77% | $1,512.06 |
| 2025/2026 | 4/30/2024 | 1.27% | $1,531.26 |
| 2026/2027 | 12/30/2025 | 3.04% | $1,577.76 |

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

Parcels are subject to the levy starting the first fiscal year following issuance of a building permit. Parcels within The Promontory at Ridgemark development were subject to the levy beginning in FY 2023/2024. For FY 2025/26, all 90 residential parcels within The Promontory development were subject to the levy of a GHAD assessment.

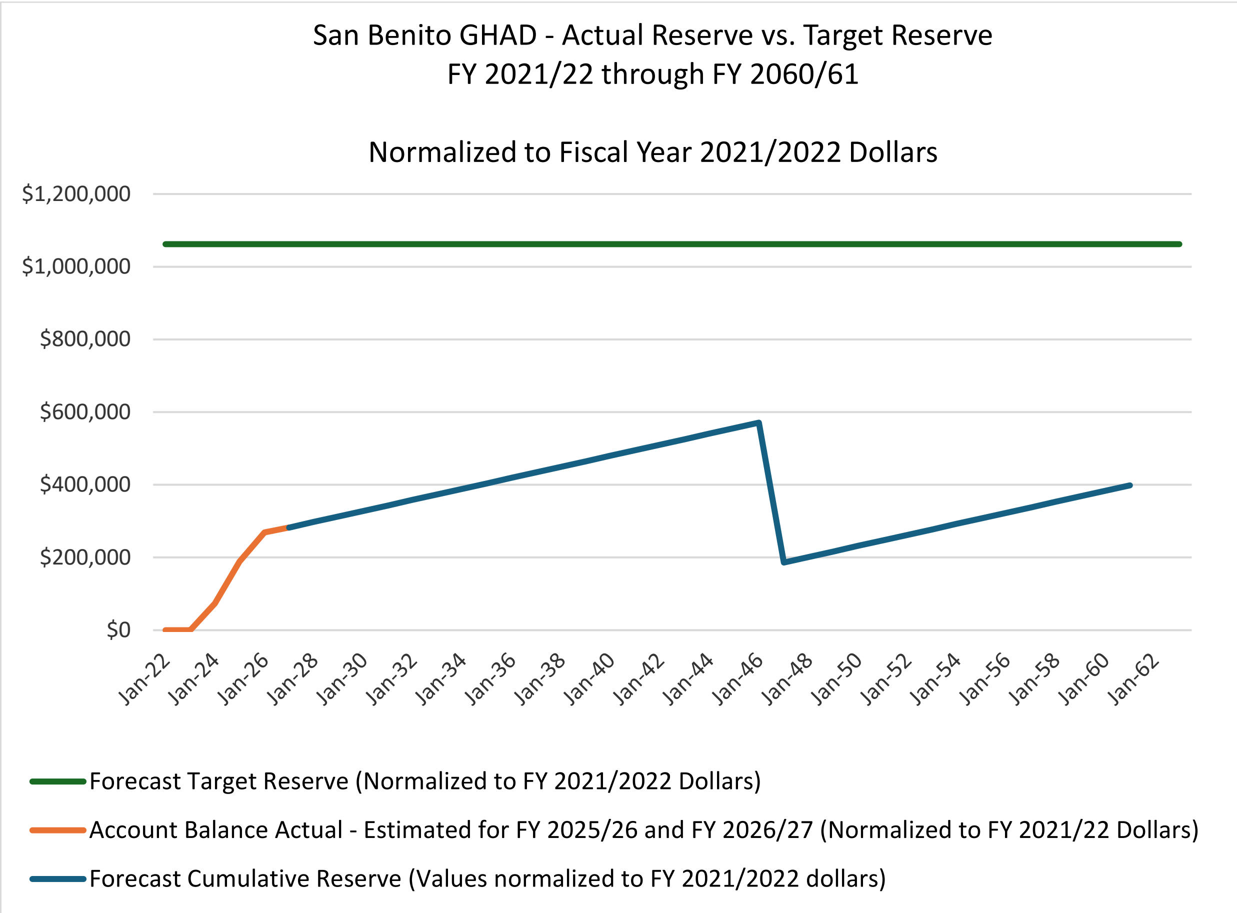
Based on the San Francisco-Oakland-Hayward CPI data reported in December 2025, an annual inflation rate adjustment rate of 3.04% will be used for FY 2026/27. We anticipate that 90 residential units will be subject to assessment in FY 2026/27.

The GHAD is still building toward its target reserve rate of accumulation forecast in the approved 2022 Engineer's Report for The Promontory development. In general, we may, in the future, recommend an annual assessment levy amount less than the assessment limit if all the listed conditions below are met. As of FY 2025/26, the GHAD has not met all the conditions below and will continue to assess the inflation-adjusted assessment limit for FY 2026/27.

- Unencumbered reserve funds collected from within a development exceed the target reserve amount estimated in the approved Engineer's Report, or unencumbered reserve funds collected from a development exceed the target reserve.
- Reserve funds collected from within a development exceed the dollar amount estimated for a large-scale repair.
- Plan of Control responsibilities have been transferred from the developer to the GHAD.

Graph 1 provides the actual and forecast account balances for the GHAD from the initial levy of the assessments in FY 2021/22 to FY 2060/61. The actual account balances and projected target reserve amounts have been normalized to 2021/22 dollars when the initial Engineer's Report was approved. The cumulative reserve at the end of FY 2026/27 is estimated to be approximately $280,968 in 2021/22 dollars and is below the cumulative target reserve amount of $1,062,000 in 2021/22 dollars. The GHAD reserve is intended to fund unanticipated expenses that may occur.

**GRAPH 1: Actual and Forecast Cumulative Reserve**




The GHAD Treasurer has estimated that dividend and interest income for FY 2026/27 should be approximately 2 percent above the rate of inflation. The GHAD Treasurer maintains an estimate that the long-term inflation rate will average approximately 2 to 2½ percent. Based on the published CPI for December 2025, we provide the estimated total revenues in Table 3 for FY 2026/27.

**TABLE 3: Estimated Revenue**

| | FY 2026/27 LEVY/REVENUE ESTIMATE |
|---|---|
| Residential Units | 90 |
| Assessment Revenue | $141,998 |
| Estimated Investment Income | $9,900 |
| **Total Revenues** | **$151,898** |

The budget is divided into four categories, including Administration and Accounting, Preventive Maintenance and Operations, Special Projects, and Major Repairs. As needed, the GHAD Manager, at their discretion, may reallocate funds within the budget. A description of each of the categories is provided below. In general, the budget amounts listed are based on the Engineer's Reports approved by the GHAD Board of Directors in 2022 for The Promontory at Ridgemark development. The budget amounts have been inflation adjusted to provide the budget estimates.

## ADMINISTRATION AND ACCOUNTING

This category includes administrative expenses for tasks of the GHAD Manager, clerical, and accounting staff related to the operation and administration of the GHAD. The budget amounts listed are based on the Engineers' Reports for each development in the GHAD. The budget amounts have been inflation adjusted to provide the listed budget estimates.

## PREVENTIVE MAINTENANCE AND OPERATIONS

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

## SPECIAL PROJECTS

The Special Projects category allows the GHAD to budget for projects beneficial to the GHAD that do not fit into one of the other three categories. Special projects can include items such as global positioning system (GPS)/geographic information system (GIS) development for GHAD-maintained improvements; website development and maintenance; and reserve studies to re-evaluate the financial condition of the GHAD. The FY 2026/27 budget allocates funds for GIS and website development and maintenance in the Special Projects category.

## MAJOR REPAIR

Included within the major repair category are those repair or improvement projects that are intermittent and, by their nature, do not fit within a scheduled maintenance program. Minor slope repair and erosion control items are generally funded within the Preventive Maintenance and Operations category. For the purposes of this budget, we define major repairs as those estimated at over $250,000.

No major repair projects are currently anticipated in the FY 2026/27 budget within the GHAD-maintained areas. The major repair portion of the budget allows for funding toward these unpredictable events.

**TABLE 4: Summary of Proposed Fiscal Year 2026/27 Budget**

| BUDGET ITEM | FY 2025/26 ESTIMATED | FY 2025/2026 BUDGET[1] | FY 2026/27 FORECAST | PERCENT OF TOTAL EXPENDITURES (FY 2026/27) |
|---|---|---|---|---|
| **ADMINISTRATION AND ACCOUNTING** | | | | |
| **GHAD Manager Services** | | | | |
| Administration | $14,200 | $14,200 | $21,000 | |
| Annual Report and Budget Preparation | $2,375 | $2,375 | $2,300 | |
| **Subtotal** | **$16,575** | **$16,575** | **$23,300** | **17%** |
| **Outside Professional Administration Services** | | | | |
| Assessment Roll and Levy Update Preparation | $0 | $1,775 | $1,800 | |
| San Benito County Assessor's Fees | $27 | $27 | $225 | |

| BUDGET ITEM | FY 2025/26 ESTIMATED | FY 2025/2026 BUDGET[1] | FY 2026/27 FORECAST | PERCENT OF TOTAL EXPENDITURES (FY 2026/27) |
|---|---|---|---|---|
| California Association of GHADs Membership | $0 | $123 | $123 | |
| GHAD Clerk | $1,500 | $1,500 | $1,500 | |
| GHAD Treasurer | $500 | $1,300 | $1,700 | |
| GHAD Attorney | $1,500 | $3,000 | $3,000 | |
| Insurance- General Liability | $0 | $500 | $500 | |
| **Subtotal** | **$3,527** | **$8,225** | **$8,848** | **7%** |
| **Administration and Accounting Total** | **$20,102** | **$24,800** | **$32,148** | **24%** |
| **PREVENTIVE MAINTENANCE AND OPERATIONS** | | | | |
| **Contractor Services** | | | | |
| Sediment Removal from Drainage Ditches | $0 | $2,000 | $10,304 | |
| Detention Basin Maintenance | $0 | $4,000 | $5,816 | |
| Vegetation Management | $23,552 | $4,150 | $38,272 | |
| Open Space Maintenance | $0 | $1,200 | $1,922 | |
| Subdrain Maintenance | $0 | $200 | $184 | |
| Slope Stabilization | $5,000 | $17,500 | $17,700 | |
| **Subtotal** | **$28,552** | **$29,050** | **$74,198** | **56%** |
| **GHAD Manager Services** | | | | |
| Scheduled Monitoring Events | $0 | $4,150 | $8,200 | |
| Heavy Rainfall Monitoring Events | $0 | $1,750 | $1,750 | |
| Sediment Removal from Ditches, Inlets, and Pipelines | $0 | $0 | $2,000 | |
| Water Quality/Detention Basin Facility Maintenance | $0 | $0 | $1,100 | |
| Vegetation Management | $0 | $0 | $7,600 | |
| Open Space Maintenance | $0 | $0 | $380 | |
| Subdrains and Outlets | $0 | $0 | $30 | |
| Slope Stabilization | $0 | $0 | $3,500 | |
| **Subtotal** | **$0** | **$5,900** | **$24,560** | **18%** |
| **Preventive Maintenance and Operations Total** | **$28,552** | **$34,950** | **$98,758** | |
| **SPECIAL PROJECTS** | | | | |
| GIS | $2,000 | $2,000 | $2,000 | |
| Website Maintenance | $1,000 | $1,000 | $1,000 | |
| **Subtotal** | **$3,000** | **$3,000** | **$3,000** | **2%** |
| **MAJOR REPAIRS** | | | | |
| **Subtotal** | **$0** | **$0** | **$0** | **0%** |
| **TOTAL PROPOSED EXPENDITURES** | **$51,654** | **$62,750** | **$133,906** | **100%** |

| | |
|---|---|
| **ESTIMATED RECEIVABLES** | |
| **Beginning Balance** | |
| Balance (June 30, 2025) | $214,693 |
| **Estimated FY 2025/26 Revenue** | |
| Assessment Income | $137,814 |
| Investment Income | $8,676 |
| **Estimated FY 2025/26 Expenses** | |
| Estimated Expenses through 6/30/2026 | $51,654 |
| **ESTIMATED RESERVE ON JUNE 30, 2026** | **$309,528** |

| ESTIMATED RECEIVABLES | |
|---|---|
| **Estimated FY 2026/27 Revenue** | |
| Estimated FY 2026/27 Assessment | $141,998 |
| Estimated FY 2026/27 Investment Income | $9,900 |
| **Estimated 2026/27 Expenses** | |
| Estimated Expenses through June 30, 2027 | $133,906 |
| **ESTIMATED RESERVE ON JUNE 30, 2027** | **$327,521** |

The budget figures for FY 2026/27 have been updated to reflect actual contractor costs received after the submission of the interim budget report. Consequently, some of the budgeted items exceed the preliminary estimates used in the interim budget for FY 25-26.

For FY 2026/27, the payment limit for the GHAD Manager, ENGEO, is set at $47,860. The tasks included within the payment limit may include administration, oversight of maintenance and repair projects, and monitoring events, as summarized in Table 5.

**TABLE 5: Payment Limit**

| TASK | AMOUNT |
|---|---|
| Administration | $21,000 |
| Budget Preparation | $2,300 |
| Scheduled and Heavy Rainfall Monitoring Events | $9,950 |
| Sediment Removal from Drainage Ditches[1] | $2,000 |
| Detention Basin Maintenance[1] | $1,100 |
| Vegetation Management[1] | $7,600 |
| Open Space Maintenance[1] | $380 |
| Subdrain Maintenance[1] | $30 |
| Slope Stabilization[1] | $3,500 |
| **TOTAL** | **$47,860** |

[1] Dependent on maintenance and/or repair activities by the GHAD during FY 2026/27. The GHAD Manager, ENGEO, payment limit is 20% of the total budget item.

Below is more detail about each line item included in the annual budget proposed above.

## ADMINISTRATION AND ACCOUNTING

### GHAD Manager

Administration

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

Annual Report and Budget Preparation

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

### Outside Professional Services – Non-Technical

Assessment Roll and Levy Update

This budget item allows for preparation of the assessment roll for the GHAD and the updated levy based on the annual CPI adjustment.

San Benito County Assessor's Fees

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

California Association of GHADs Membership

The GHAD maintains membership in the California Association of GHADs.

GHAD Clerk

This budget item allows for funding of GHAD Clerk services.

GHAD Treasurer

This budget item accounts for fees related to the GHAD Treasurer and the investment manager functions. The Board appointed GHAD Treasurer, Inc. to serve as GHAD Treasurer on October 11, 2022, with Resolution 2022-04

GHAD Attorney

This budget item allows for funding of GHAD legal counsel. The duties of the legal counsel may include, but not be limited to, transfer documentation, preparation or review of contracts, grant deeds, right-of-entry, and board resolutions.

Insurance – General Liability

General liability insurance is maintained for open-space areas within the GHAD.

## PREVENTIVE MAINTENANCE AND OPERATIONS

### Maintenance and Operations

Sediment Removal from Drainage Ditches

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

Detention Basin Maintenance

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

Vegetation Management

This budget item includes annual firebreak mowing and litter removal, which will occur during FY 2026/27. This budget item allows for a second cutting of fire breaks, as needed.

Open Space Maintenance

This budget item includes general landowner responsibilities, such as litter and debris removal, on GHAD-owned parcels that may occur during the 2026/27 fiscal year.

Subdrain Maintenance

This budget item allows for construction of subdrain markers and outfall structures to facilitate future monitoring and maintenance of the subdrain outlets, which are critical to slope stability within the development.

Slope Stabilization

This is for unanticipated minor repairs, including slope instability or erosion, that may occur during FY 2026/27.

### Professional Services

Scheduled Monitoring Events

As provided in the Plan of Control, there are two scheduled monitoring events within the GHAD that will occur during each calendar year.

Heavy Rainfall Monitoring Event

We have budgeted for one heavy rainfall-monitoring event during the 2026/27 winter season. In the initial Engineer's Report, we anticipated that a heavy rainfall-monitoring event would be needed on average once every 2 years.

## SPECIAL PROJECTS

Special projects can include items such as geographic information system (GIS) development for GHAD-maintained improvements; website development and maintenance; and reserve studies to re-evaluate the financial condition of the GHAD. The FY 2026/27 budget allocates funds for GIS and website development and maintenance for the GHAD.

## MAJOR REPAIRS

No major repair projects are currently anticipated in the FY 2026/27 budget within the GHAD-maintained areas of the San Benito GHAD. While no major repairs are ongoing at this time, by their nature, major repairs, such as landslides, are unpredictable and could occur during FY 2026/27. The major repair portion of the budget allows for funding toward these unpredictable events.