

**HAYWARD SOMI DEVELOPMENT ANNEXATION
HAYWARD, ALAMEDA COUNTY, CALIFORNIA**

**ENGINEER'S REPORT
FOR HAYWARD SOMI DEVELOPMENT, TRACTS 8502 and 8614**

SUBMITTED TO
Hayward SoMi, LLC
12647 Alcosta Boulevard, Suite 470
San Ramon, CA 94583

PREPARED BY
ENGEO Incorporated

January 6, 2022

PROJECT NO.
17479.000.000

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ENGINEER'S REPORT

HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT HAYWARD SOMI DEVELOPMENT ANNEXATION (Pursuant to the Public Resources Code of the State of California, Section 26500 et seq.)

CERTIFICATION OF FILING

The Geologic Hazard Abatement District ("GHAD") provides monitoring and maintenance of improvements related to geologic hazard management and other responsibilities as a landowner, within the Hayward SoMi Development portion of the Hayward GHAD. The GHAD also levies and collects assessments in order to perform its activities.

The GHAD responsibilities, which are the subject of this report, are defined as any activity that is necessary or incidental to the prevention, mitigation, abatement, or control of a geologic hazard, construction, maintenance, repair, or operation of improvement; or the issuance and servicing of bonds issued to finance any of the foregoing (Section 26505).

This report consists of seven parts, as follows:

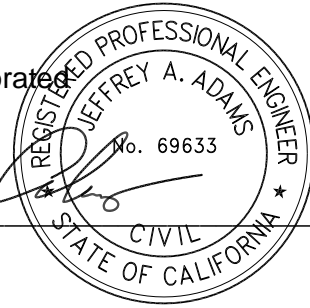
- I. INTRODUCTION
- II. BACKGROUND
- III. GEOLOGIC HAZARD ABATEMENT DISTRICT DIAGRAM
- IV. SERVICE LEVELS
- V. DESCRIPTION OF GHAD MAINTAINED IMPROVEMENTS
- VI. ASSESSMENT METHOD
- VII. ASSESSMENT LIMIT - BUDGET PROJECTION

The undersigned respectfully submits the enclosed Engineer's Report.

Date: January 6, 2022

By: ENGEO Incorporated



_____, PE
Jeffrey A. Adams



I HEREBY CERTIFY that the enclosed Engineer's Report was filed on the 6th day of January 2022.

Patricia Curtin
Attorney and Acting Clerk of the Board
Hayward Geologic Hazard Abatement District
Hayward, Alameda County, California

I HEREBY CERTIFY that the enclosed Engineer's Report was approved and confirmed by the GHAD Board on the 6th day of January 2022.



Eric Harrell
GHAD Manager
Hayward Geologic Hazard Abatement District
Hayward, Alameda County, California

ENGINEER'S REPORT

for

HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT HAYWARD SOMI DEVELOPMENT ANNEXATION HAYWARD, ALAMEDA COUNTY, CALIFORNIA for the ESTABLISHMENT OF AN ASSESSMENT LIMIT

I. INTRODUCTION

The Hayward City Council formed the Hayward Geologic Hazard Abatement District ("GHAD" or "District") on March 1, 2016 (Resolution No. 16-030), under the authority of the California Public Resources Code, Division 17, Section 26500 et seq. The GHAD Board of Directors approved the annexation of the Hayward SoMi Development ("GHAD Annexation Area") into the GHAD on November 16, 2021, with the approval of Resolution No. 21-03. The members of the Hayward City Council act as the Board of Directors of the GHAD.

II. BACKGROUND

The Hayward Board of Directors approved the Plan of Control for the Hayward SoMi Development Annexation ("Plan of Control") with the approval of Resolution No. 21-03 on November 16, 2021. The Plan of Control describes the GHAD's responsibilities to permanently monitor and maintain GHAD improvements within the GHAD Annexation Area. This Engineer's Report describes the establishment of an assessment level to fund GHAD activities necessary or incidental to geologic hazard mitigation, abatement, and control.

III. GEOLOGIC HAZARD ABATEMENT DISTRICT BOUNDARIES

The boundaries for the GHAD Annexation Area are shown in the legal description and plat attached hereto as Exhibit A.

IV. SERVICE LEVELS

The GHAD's activities are those that are necessary or incidental to the prevention, mitigation, abatement, or control of geologic hazards including construction, maintenance, repair, or operation of any improvement; and the issuance and servicing of bonds issued to finance any of the foregoing.

The GHAD provides for the administration and review of facilities within the budgeted limits, including the following services:

1. Oversight of GHAD operations, including reporting to the GHAD Board of Directors.
2. In conjunction with the Alameda County Assessor's Office, setting the annual levying of assessments on the property tax rolls.

3. Engagement of technical professionals to perform the monitoring duties as described in the Plan of Control.
4. Performance of GHAD maintenance activities in accordance with the Plan of Control. These maintenance activities include:
 - The GHAD is responsible for general monitoring, maintenance, and repair of the concrete-lined drainage ditches, storm drain inlets and outlets in open space, subdrain outlets, and risers within the GHAD Annexation Area.
 - Monitoring and maintenance of measurement devices, such as piezometers, inclinometers, and tiltmeters, if any, within the GHAD Annexation Area.
 - Maintenance of existing property line/boundary fencing on Parcel "B" in Tract 8502 and Parcels "C" and "E" in Tract 8614.
 - Maintenance of debris benches and/or catchment structures within GHAD Annexation Area.
 - Maintenance of storm drain inlets, outfalls and pipelines within Parcels "B" in Tract 8502 and Parcels "C" and "E" in Tract 8614.
 - Maintenance of slopes within GHAD Annexation Area.
 - Vegetation control for fire suppression on Parcel "B" in Tract 8502 and Parcels "C" and "E" in Tract 8614.
5. Preparation of annual GHAD budgets for approval by the GHAD Board of Directors.

V. DESCRIPTION OF THE IMPROVEMENTS MAINTAINED BY THE GHAD

The GHAD-maintained improvements are described in the Plan of Control. In general, these improvements include drainage systems, including concrete-lined ditches in developed areas and open space; open-space storm drain inlets and outlets; subdrains and outlets; and selected retaining walls.

VI. ASSESSMENT METHOD

The improvements and GHAD responsibilities described in Section V are distributed within the GHAD Annexation Area. The improvements described in this document will confer the following special benefits to the assessed parcels:

1. Protection from slope instability.
2. Protection from erosion due to uncontrolled surface water.
3. Protection of water quality.
4. Protection from wild land fires due to unmanaged vegetation.

The GHAD assessment is distributed among all residential and commercial property owners within the GHAD Annexation Area. The improvements and responsibilities listed in Section V provide specific benefits to the properties within the GHAD Annexation Area and the improvements are constructed for the benefit of those assessed and not the general public.

The GHAD Annexation Area consists of 123 townhomes and 66 condominiums, for a total of 189 residential units. In addition, approximately 8,049 square feet of commercial space and 2,773 square feet of Homeowner's Association common area will be constructed within the development. The total number of residential units and area of commercial space within the GHAD Annexation Area was considered in light of the annual GHAD Annexation Area budget in developing the annual assessment amount.

The Engineer hereby finds that the residential properties within the GHAD Annexation Area receive approximately equal special benefit from the work and improvements within the GHAD based on the average lot size divided by the number of units within each townhome and condominium buildings, respectively. As a result, the GHAD assessment for the GHAD Annexation Area is distributed among all owners of parcels as follows:

PRODUCT TYPE (SHOWING AVERAGE LOT SIZE PER UNIT)	ASSESSMENT RATIO	NUMBER OF UNITS
Townhome (1,683 sq. ft.)	1.0	123
Condominium (1,335 sq. ft.)	0.8	66

A financial analysis was performed to provide a framework for an operating budget for the on-going abatement, mitigation, prevention and control of geologic hazards within the GHAD Annexation Area. In preparation of the budget, several factors were considered including:

1. Site geology
2. Remedial grading
3. Proximity of geologic hazards to proposed residences
4. Improvements and structures
5. Site access considerations
6. Elements requiring routine maintenance, including:
 - Surface drainage facilities
 - Graded slopes
 - Retaining walls
 - Fire breaks

VII. ASSESSMENT - BUDGET

The purpose of this Engineer's Report is to establish the assessment level and the apportionment of the assessment within the GHAD Annexation Area as required under Proposition 218. The annual budget in each subsequent fiscal year will apprise the GHAD Board of Directors of the estimated budget for the upcoming year.

Based on the estimated expenses for on-going operations, and allowing for larger (approximately \$300,000) geologic events at 20-year intervals and accumulation of a reserve of \$1,310,000 by 2061 (Fiscal Year 2021/2022 dollars), a budget was prepared for the purpose of estimating initial assessment levels (Exhibit B).

The Engineer recommends an annual assessment limit for the GHAD Annexation Area of \$567 per single-residential townhome unit and \$454 per single-residential condominium unit (Fiscal Year 2021/2022 dollars). The proposed initial assessment level will be automatically adjusted annually on June 30 to reflect the percentage change in the San Francisco-Oakland-San Jose Consumers Price Index for All Urban Consumers. The Engineer also recommends an annual assessment limit of \$0.25 per square foot of commercial space. The planned habitable non-residential space (approximately 2,773 square feet) intended for common area is not subject to an assessment. The residential and commercial space assessments are to be levied in conjunction with the issuance of a building permit for the assessed parcel.

While the assumptions and estimated expenses listed in Exhibit B were used to determine the assessment levels for the GHAD Annexation Area, they do not represent the actual budget for any one year of the GHAD's operation, since assessment of the individual parcels will be based on the issuance of building permits, which will occur over a number of years. In addition, the Engineer anticipates that the projected expense amounts will be reached over time and that these amounts will be inflation-adjusted in the year that the expenses occur.

Pursuant to the schedule set forth in Section 6.4 of the Plan of Control for the Hayward SoMi Development, the GHAD reserve at the time of transfer must have a minimum of \$107,000. In addition, all 189 residential units shall be subject to the levy of the GHAD assessment. The minimum reserve amount represents the estimated total assessments that will be collected from within the Hayward SoMi Development during the period the Owner is responsible for all GHAD activities. The reserve amount requirement may be satisfied by including remaining cash and receivables from the Alameda County Tax Collector during the period that the Owner of the Hayward SoMi Development is responsible for performing the GHAD activities. Additional funds may be required of the developer in order to satisfy the above-stated minimum reserve requirement and shall be provided to the Hayward GHAD prior to its acceptance of the monitoring and maintenance responsibilities within the Hayward SoMi Development.

VIII. OWNER RESPONSIBILITIES

Hayward SoMi, LLC ("Owner") is responsible for managing and maintaining the GHAD Annexation Area until the GHAD accepts responsibility for the GHAD Improvements as set forth in the Plan of Control. In addition, the Owner is responsible for funding any necessary GHAD functions or business undertaken for the GHAD Annexation Area that the GHAD Officers or Board of Directors determine are necessary before the GHAD accepts the GHAD Improvements. If the Owner fails to fund all or a portion of these costs, the costs shall be covered by the funds generated by and for the GHAD Annexation Area (i.e., through the assessment) and the Owner shall be required to reimburse the GHAD for such costs before the GHAD can accept monitoring and maintenance responsibilities for the GHAD Improvements.

The GHAD may utilize funds generated by or for the GHAD Annexation Area to conduct any necessary GHAD functions or business for the GHAD Annexation Area required before the GHAD accepts the GHAD improvements. Such functions and business can include periodic reporting to the GHAD Board of Directors and work performed by GHAD Officers to verify the GHAD is implemented in accordance with the Plan of Control and GHAD Law.

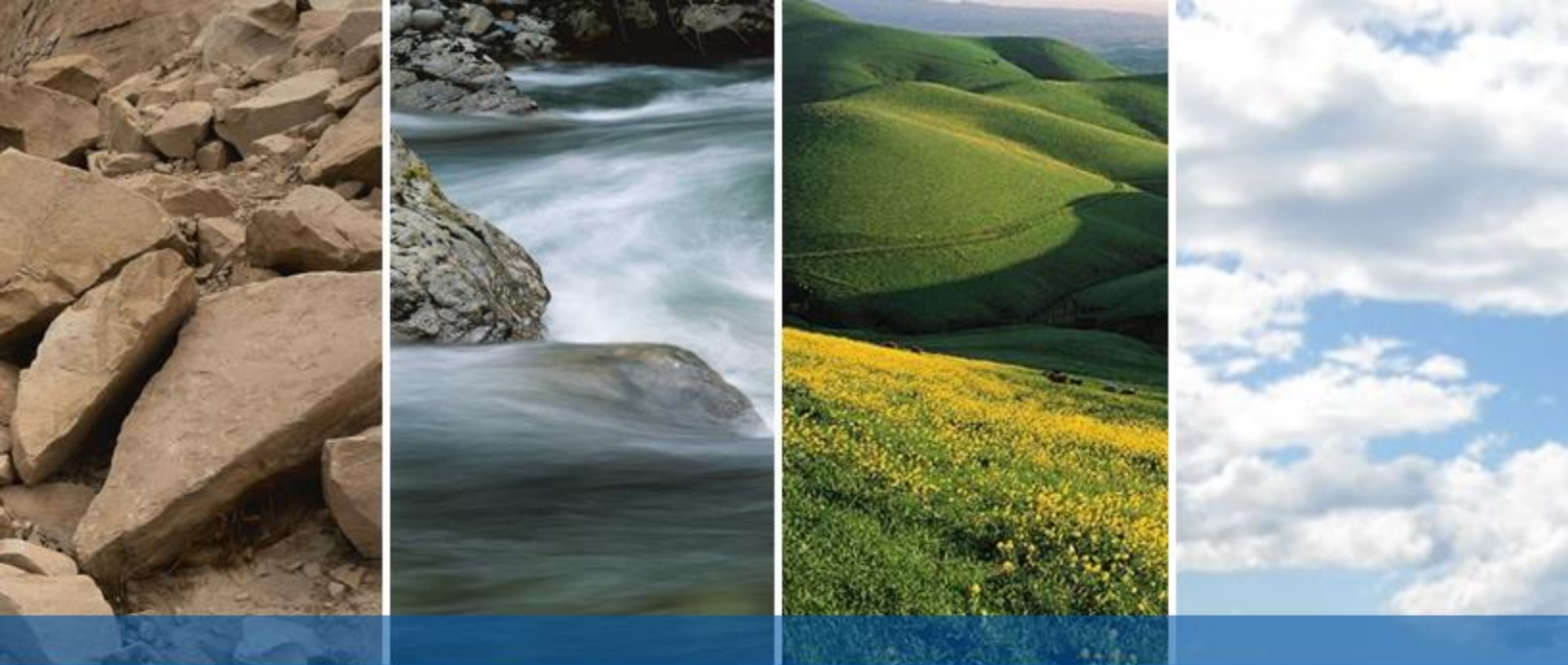


EXHIBIT A

LEGAL DESCRIPTION AND PLAT

EXHIBIT A
LEGAL DESCRIPTION
HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT(GHAD)
MIRZA DEVELOPMENT ANNEXATION
HAYWARD, CALIFORNIA

Real property in the City of Hayward , County of Alameda, State of California, described as follows:

PARCEL ONE:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERN LINE OF THE STATE HIGHWAY(100 FEET WIDE) FROM HAYWARD TO NILES WITH THE SOUTHEASTERN LINE OF THE 22.82 ACRE PARCEL OF LAND DESCRIBED IN THE DEED BY JOSE DE JESUS VALLEJO AND WIFE TO WILLIAM MORRIS LISTON RECORDED IN BOOK "M" OF DEEDS PAGE 219 ALAMEDA COUNTY RECORDS RUNNING THENCE ALONG SAID LINE OF STATE HIGHWAY SOUTH 42 DEGREES 48 MINUTES 53 SECONDS EAST 202.44 FEET THENCE PARALLEL WITH THE SOUTHEASTERN LINE OF THE PARCEL OF LAND FIRSTLY DESCRIBED IN THE DEED BY MARY E. ALLEN TO ANTONE FARIA RECORDED NOVEMBER 9, 1920 IN BOOK 2996 OF DEEDS PAGE 341 ALAMEDA COUNTY RECORDS NORTH 47 DEGREES 17 MINUTES 31 SECONDS EAST 190 FEET THENCE PARALLEL WITH SAID LINE OF STATE HIGHWAY SOUTH 42 DEGREES 48 MINUTES 53 SECONDS EAST 72 FEET THENCE PARALLEL WITH SAID SOUTHEASTERN LINE OF THE FARIA PARCEL NORTH 47 DEGREES 17 MINUTES 31 SECONDS EAST 630.85 FEET TO THE NORTHEASTERN LINE OF THE PARCEL OF LAND FIRSTLY DESCRIBED IN THE DEED BY MARY E. ALLEN RECORDED MAY 29, 1916 IN BOOK 2442 OF DEEDS PAGE 366 ALAMEDA COUNTY RECORDS THENCE ALONG THE LAST MENTIONED LINE NORTH 42 DEGREES 45 MINUTES WEST 253.99 FEET TO THE NORTHWESTERN LINE OF SAID FARIA PARCEL OF LAND LASTLY REFERRED TO THENCE ALONG THE LAST MENTIONED LINE SOUTH 48 DEGREES 43 MINUTES 08 SECONDS WEST 821.43 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

BEING PORTIONS OF PARCEL 1 AND PARCEL 3 AND ALL OF PARCEL 2 AND PARCEL 4 AS SAID PARCELS ARE DESCRIBED IN THAT DIRECTOR'S DEED FROM THE STATE OF CALIFORNIA TO THE CITY OF HAYWARD RECORDED NOVEMBER 3, 2017 AS DOCUMENT NUMBER 2017243815 OF OFFICIAL RECORDS OF ALAMEDA COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHERN LINE OF TENNYSON ROAD (60 FEET WIDE), AS SHOWN ON THE MAP OF TRACT 7620, RECORDED MAY 3, 2016 AND FILED IN BOOK 339 OF MAPS, AT PAGE 46, IN THE OFFICE OF THE COUNTY RECORDER OF ALAMEDA COUNTY, WITH THE EASTERN LINE OF SAID PARCEL 1;

THENCE, FROM SAID POINT OF BEGINNING, ALONG THE EASTERN LINE OF SAID PARCELS 1, 2, AND 3, SOUTH 21°07'48" EAST, 851.67 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 2;

THENCE, ALONG THE SOUTHEAST LINE OF SAID PARCEL 2, SOUTH 50°13'05" WEST, 393.23 FEET TO THE SOUTHERNMOST CORNER OF SAID PARCEL 2;

THENCE, ALONG THE SOUTHWEST LINE OF SAID PARCEL 2, NORTH 41°22'25" WEST, 148.60 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 2;

THENCE, ALONG THE WESTERN LINE OF SAID PARCEL 2 THE FOLLOWING THREE (3) COURSES:

1) NORTH 03°11'39" WEST, 238.58 FEET,

2) NORTH 09°10'37" WEST, 323.21 FEET,

3) NORTH 18°28'47" WEST, 36.85 FEET TO THE SOUTHERNMOST CORNER OF SAID PARCEL 4;

THENCE, ALONG THE EXTERIOR BOUNDARY OF SAID PARCEL 4 THE FOLLOWING NINE (9) COURSES:

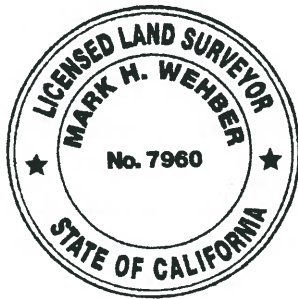
- 1) NORTH 39°50'35" WEST, 59.11 FEET,
- 2) SOUTH 74°01'02" WEST, 33.35 FEET,
- 3) ALONG THE ARC OF A TANGENT 240.02 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 08°34'27", AN ARC DISTANCE OF 35.92 FEET,
- 4) NORTH 18°00'55" WEST, 29.35 FEET,
- 5) NORTH 71°59'05" EAST, 9.36 FEET,
- 6) NORTHEASTERLY ALONG THE ARC OF A NON-TANGENT 35.00 FOOT RADIUS CURVE TO THE RIGHT, FROM WHICH THE CENTER OF SAID CURVE BEARS SOUTH 70°13'32" EAST, THROUGH A CENTRAL ANGLE OF 101°06'25", AN ARC DISTANCE OF 61.77 FEET,
- 7) NORTH 16°34'48" WEST, 160.59 FEET,
- 8) NORTH 70°37'19" WEST, 226.37 FEET,
- 9) NORTH 22°10'03" WEST, 22.75 FEET TO SAID SOUTHERN LINE OF TENNYSON ROAD;

THENCE, ALONG SAID SOUTHERN LINE OF TENNYSON ROAD, BEING THE NORTHERN LINES OF SAID PARCELS 4 AND 3, THE FOLLOWING THREE (3) COURSES:

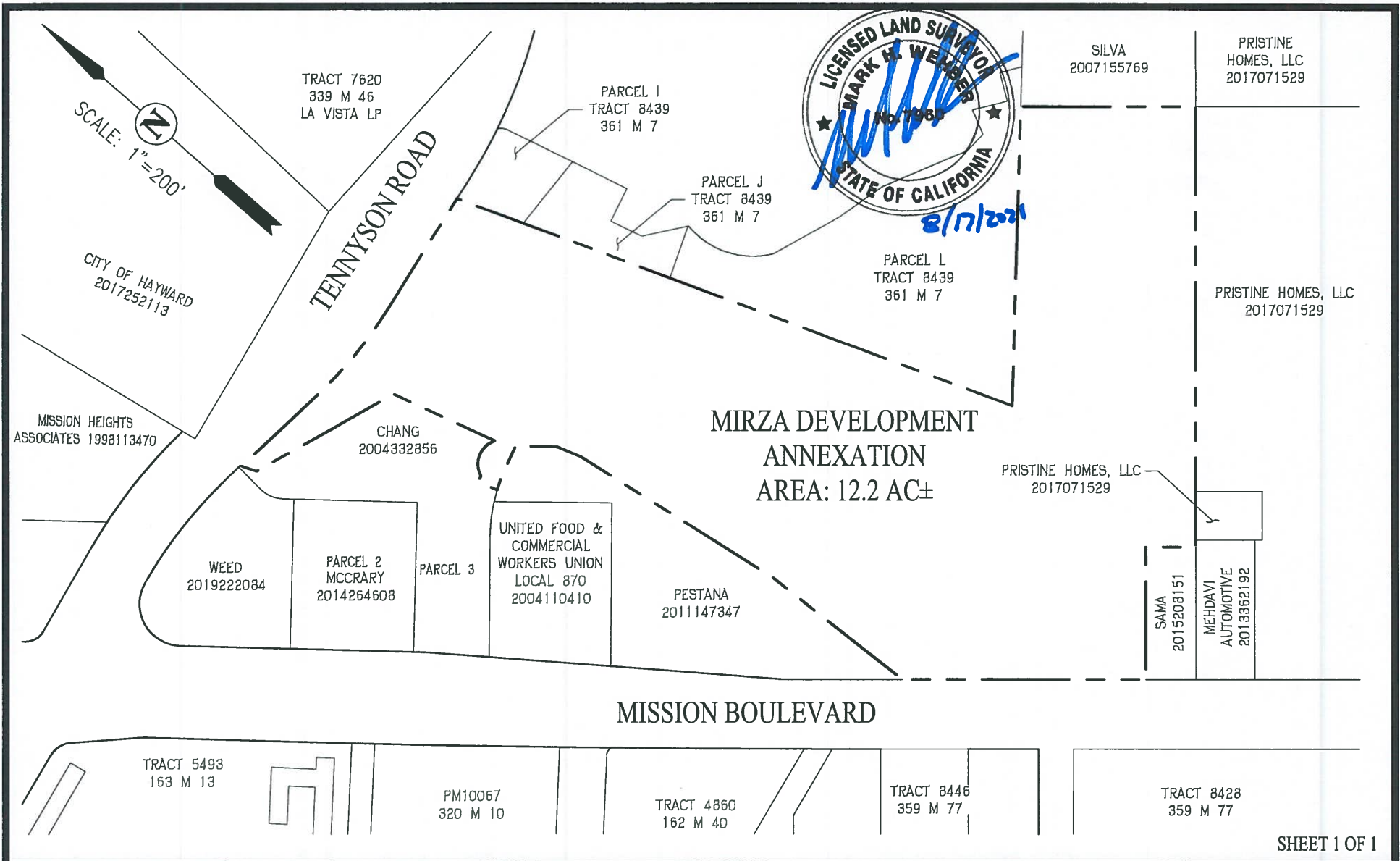
- 1) SOUTH 84°28'58" EAST, 151.56 FEET,
- 2) ALONG THE ARC OF A TANGENT 630.00 FOOT RADIUS CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 14°40'53", AN ARC DISTANCE OF 161.43 FEET,
- 3) NORTH 80°50'09" EAST, 181.29 FEET TO THE POINT OF BEGINNING.

APN: 078C-0455-001-04 (Parcel One); and
078C-0461-011, 078C-0461-013, 078C-0461-010 (Portion) and 078C-0461-012 (Portion), all as to Parcel Two

END OF DESCRIPTION



 10/17/2021
MARK H. WEHBER, P.L.S.
L.S. NO. 7960



SHEET 1 OF 1

PLAT TO ACCOMPANY LEGAL DESCRIPTION

HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD)
 MIRZA DEVELOPMENT ANNEXATION
 CITY OF HAYWAYRD, CALIFORNIA

AUGUST 12, 2021



SAN RAMON (925) 866-0322
 ROSEVILLE (916) 788-4456
 WWW.CBANDG.COM

CIVIL ENGINEERS ■ SURVEYORS ■ PLANNERS

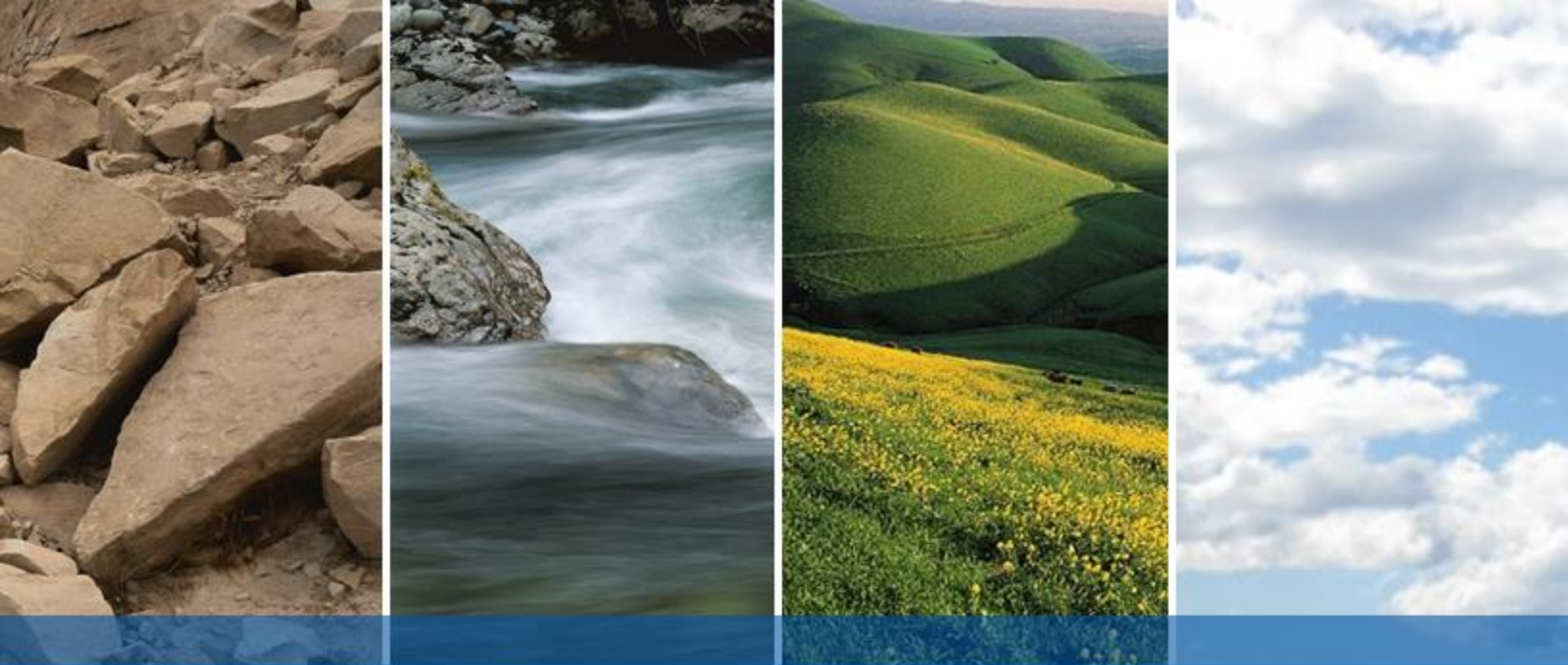


EXHIBIT B

BUDGET – January 6, 2022

**Hayward Geologic Hazard Abatement District – Hayward SoMi Development
Annexation**

Budget – January 6, 2022

ASSUMPTIONS

Total No. of Residential Units- Actual	189
Equivalent Assessment Units	175.8
Annual Assessment per Townhome Unit (FY 2021/2022)	\$567
Annual Assessment per Condominium Unit (FY 2021/2022)	\$454
Approximate Total Habitable Commercial Building Area (square feet)	8,049
Annual Assessment per Habitable Commercial (square feet)	\$0.25
Annual Adjustment in Assessment (estimated)	2.25%
Inflation (estimated)	2.25%
Investment Earnings (estimated)	4.5%
Frequency of Large-Scale Repair (years)	20
Cost of Large-Scale Repair (current \$)	\$300,000

ESTIMATED ANNUAL EXPENSES IN 2021/2022 DOLLARS

Administration (Manager, Treasurer, Clerk, and Legal Counsel)	\$16,000
Outside Administration Services, Membership, and Insurance	\$3,699
Monitoring Activities	\$3,825
Maintenance and Operation	\$15,170
Capital Improvements	\$26,549
Major Repair (Annualized)	\$ 15,000
Miscellaneous & Contingency (10%)	\$6,524
Reserve	<u>\$14,959</u>
TOTAL	<u>\$101,726</u>

