



February 11, 2021

Dear Santiago GHAD Resident:

You are receiving this letter at this address, listed on the last equalized county assessment roll, as the owner of a residence within the Santiago Geologic Hazard Abatement District (GHAD). The Santiago GHAD was formed in 1999 by the Anaheim City Council and has been working since its formation to help prevent additional movement of the Santiago landslide that started in 1993. The City-of-Anaheim-established limits of the Santiago GHAD are shown on Figure 1 and include 303 residences. A GHAD is a public agency, created by state statute, that allows property owners to group together to mitigate geologic hazards. Extraction of groundwater by the Santiago GHAD has prevented additional movement of the Santiago landslide, and removal of groundwater is planned to continue into the future. Additional information about the Santiago GHAD can be found at the Santiago GHAD's website, www.santiagoghad.org.

The Board of Directors for the Santiago GHAD is composed of five owners of real property from within the GHAD. Board members are elected to serve 4-year terms. Elections are held every 2 years in conjunction with even-year general elections for those board members with expiring terms. The Board of Directors holds regular meetings, usually quarterly, that are open for public participation. A public comment forum is scheduled at each of the GHAD Board of Directors meetings to allow for residents within the GHAD to address the Board.

For your information, as a resident within the GHAD, we have enclosed a letter sent from the Santiago GHAD to Council Member Trevor O'Neil and Senior Policy Aide to Council Member O'Neil, Mr. Justin Glover. The letter summarizes our March 6, 2020, discussions with Council Member Trevor O'Neil and provided him additional information about the Santiago GHAD. Please let us know if you have questions or would like more information. Our contact information is:

ENGEEO Incorporated

Santiago Geologic Hazard Abatement District Manager

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E-Mail: mswanson@engeeo.com

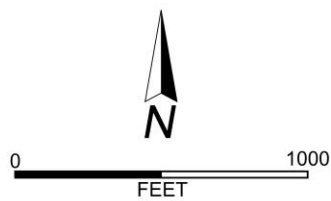
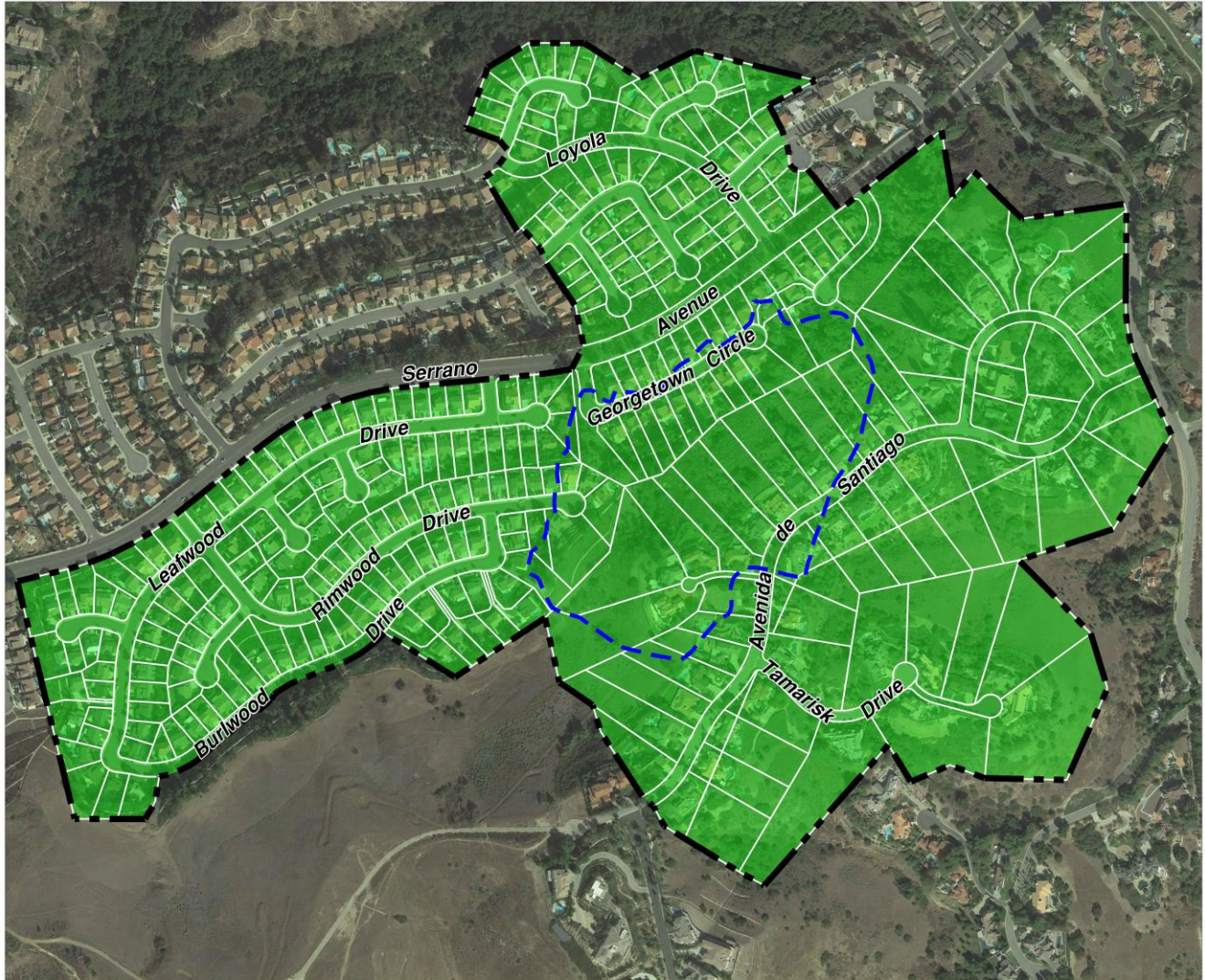
Eric Harrell, 2010 Crow Canyon Place, Suite 250, San Ramon, CA 94583
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Sincerely,

Santiago GHAD Board of Directors
Chair Craig Schill
Alternate Chair Hari Lal
Boardmember James Guziak
Boardmember Hillard Kaplan
Boardmember Marc Schwering

Attachments:

- Figure 1: Residences within Santiago GHAD showing approximate extent of the Santiago landslide
- Discussion Summary and Additional Information Letter dated March 6, 2020



EXPLANATION

ALL LOCATIONS ARE APPROXIMATE

- GHAD BOUNDARY
- SANTIAGO LANDSLIDE (1993)
- AREA WITHIN THE GHAD

FIGURE 1: Residences within Santiago GHAD Showing Approximate Extent of the Santiago Landslide

Project No.
14174.002.019

June 18, 2020
Revised June 29, 2020

Santiago Board of Directors
Santiago Geologic Hazard Abatement District
Cardinal Property Management
825 N. Park Center Drive, Suite 101
Santa Ana, CA 92705

Subject: Meeting of March 6, 2020
Anaheim, California

DISCUSSION SUMMARY AND ADDITIONAL INFORMATION

Dear Boardmembers:

On March 6, 2020, four representatives of the Santiago Geologic Hazard Abatement District (GHAD) met with City of Anaheim Councilmember Trever O'Neil and his aide Justin Glover. Representatives from the Santiago GHAD were Boardmember Kaye Dabbs-Moyer, Boardmember Craig Schill, and GHAD Managers Uri Eliahu and Eric Harrell. The purpose of the meeting was to discuss the current condition and needs of the Santiago GHAD, located entirely in District No. 6, which is represented by Councilmember O'Neil.

We were asked to focus on the GHAD's current condition, but some background was provided on the City's involvement in forming the GHAD, to put the GHAD's current financial condition in context. The items listed were discussed at the meeting; however, we have added additional details to provide a more complete description of the GHAD's history and current condition.

1. In January 1993, the Santiago landslide activated.
2. Between 1993 and 1999, the City of Anaheim funded studies, emergency response, and dewatering activities. In 1998, the LA Times reported that the City of Anaheim was spending \$185,000 per year to operate the dewatering system. Adjusted for inflation since 1998, this would be about \$304,000 per year.
3. In March 1999, the City of Anaheim proposed a settlement of \$19.25 million dollars with \$3.5 million (plus interest) directed to the Santiago GHAD. By November 12, 1998, it was documented in Client Status Report No. 37, "Of the \$15.5 million, \$3.5 million will be set aside to fund a geologic hazard abatement district ("GHAD"). The GHAD will operate the dewatering system indefinitely into the future. Current assumptions on operating expenses, inflation, maintenance, and repair requirements suggest that this \$3.5 million fund will cover the GHAD activities for 50 to 75 years."
 - a. Resolution 99R-31 (Initiating Proceedings for Formation of the Santiago GHAD), which was passed by the Anaheim City Council on February 23, 1999, states that the SGHAD's dewatering system must be "effectively operated and carefully monitored indefinitely."

- b. Resolution 99R-50 (Formation of the Santiago GHAD) was passed by the Anaheim City Council on March 16, 1999, and set the Board of Directors as 5 property owners within the GHAD. The limits of the GHAD were established to include more properties than just those affected by the Santiago landslide, but no funding was provided for other GHAD activities outside of the landslide.
4. Recorded in the Santiago GHAD Minutes for the meeting on March 29, 1999, was a discussion in response to a question from Boardmember Salene to Mr. Rubin, one of the attorneys representing the City of Anaheim, that the current cost to run the dewatering system was approximately \$230,000 per year. Boardmember Salene commented that the \$3.5 million dollars would not cover these cost indefinitely.
5. Recorded in the Santiago GHAD Minutes for the meeting on April 28, 1999, when the agreement between the City of Anaheim and the Santiago GHAD was being considered by the GHAD Board, Mr. Newton, the GHAD's general counsel, stated that it would be necessary to "rehabilitate" one of the legitimately recused boardmembers to achieve a quorum and hold a vote on the agreement.

We discussed these issues with Councilmember O'Neil to demonstrate that it was always expected that the Santiago GHAD would eventually run out of funds to maintain the dewatering pumps and, without an ongoing pumping system to lower groundwater levels, reactivation of the Santiago landslide is certain. We stated that the GHAD is not approaching the City now because the GHAD has done something wrong; it was always planned from the start that the GHAD would be in this position eventually.

Councilmember O'Neil stated that he felt that the City's obligation has been met through the 1999 agreement between the City and the GHAD and the initial financial settlement.

One of the hurdles we discussed was that homeowners located within the GHAD are not made aware that they are in a GHAD, as the City does not appear to have recorded this information so it would show up on title reports. We provided information on the GHAD's recent efforts to approve an assessment to fund the GHAD since the GHAD will run out of funds in the next few years. This included:

1. On March 28, 2019, an annual assessment of \$923 per residence was rejected by property owners within the GHAD. Of the 303 ballots, 177 were returned with 36 voting yes and 141 voting no.
2. The GHAD provided extensive outreach to the residents within the District including scheduled Board meetings, workshops, mailings, flyers, face-to-face meetings, and a website.
3. Additional efforts to fund the GHAD will likely be attempted with a proportional assessment which would result in a large difference in what individual property owners are assessed depending on their special benefit. In addition, we discussed that the public roadways within the GHAD would be assessed if another vote is attempted.

This discussion was to indicate that the GHAD has been attempting to raise funds internally, but approval of a large assessment is unlikely. We also discussed that the GHAD protects critical public improvements within and outside of the GHAD. We discussed that helping the GHAD helps the City of Anaheim, since the consequences of reactivation of the Santiago landslide would be expensive to mitigate within and outside the GHAD.

We discussed that the City of Anaheim and the members of the GHAD should share the burden of funding the GHAD. To this end, the GHAD requested \$25,000,000 in a lump sum or approximately \$400,000 annually in perpetuity from the City of Anaheim. We stated that there is a significant financial burden of deferred maintenance, and this will add to the GHAD's annual expenses as the wells are nearing the end of their useful life.

Councilmember O'Neil and Mr. Glover suggested that the GHAD could consider a bond to fund the GHAD's activities. We indicated that the needs of the GHAD occur annually and that an assessment to service the debt on a bond would cost the GHAD more than funding GHAD responsibilities directly from an assessment.

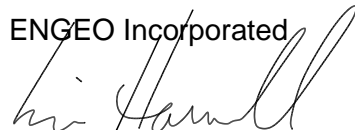
In addition, Councilmember O'Neil stated that he would have discussions with City staff on the GHAD's request and report back in approximately 3 weeks. As of the date of this letter, Council Member O'Neil has not contacted Boardmember Dabbs-Moyer or Boardmember Schill to provide a response from the City.

Approximately 4 weeks after our meeting, we called Mr. Glover and he stated that they are not recommending providing additional funding to the GHAD. Mr. Glover stated that the City would be willing to help the GHAD with information related to bonding and public outreach, but that would be the extent of what the City could provide. Mr. Glover stated that Councilmember O'Neil would relay this information to Boardmember Dabbs-Moyer or Boardmember Schill.

The Santiago GHAD Board of Directors representing the 303 residential property owners within the GHAD and also within City of Anaheim District No. 6 find it unacceptable that Council Member O'Neil failed to respond to boardmembers as he said he would. The Santiago GHAD Board of Directors and GHAD residents have invested considerable time and effort trying to resolve issues with the GHAD and it was hoped that the City of Anaheim would respond in kind to solve problems that also involve City-owned and maintained improvements.

Sincerely,

ENGEO Incorporated



Eric Harrell



Uri Eliahu

eh/ue/dt

cc: 1 – Council Member Trevor O'Neil
1 – Mr. Justin Glover, Senior Policy Aide to Council Member O'Neil
1 – Ms. Kristin Pelletier, Senior Assistant City Attorney