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JAMS ARBITRATION

SANTIAGO GEOLOGIC HAZARD ABATEMENT DISTRICT, a political subdivision of the state of California,

Claimant,

v.

CITY OF ANAHEIM, a California charter city,

Respondent.

JAMS Reference #1200059076

DECLARATION OF URI ELIAHU IN SUPPORT OF PETITIONER SANTIAGO GEOLOGIC HAZARD ABATEMENT DISTRICT'S ARBITRATION CLAIMS

Hon. Nancy Wieben Stock (Ret.)

Arbitration Date: January 30, 2023
Time: 9:00 a.m.

I, Uri Eliahu, declare as follows:

1. I am the president of ENGEO Incorporated ("ENGEO") which is the manager of Claimant Santiago Geologic Hazard Abatement District ("SGHAD"). I have personal knowledge of the facts stated below and if called upon, I could and would testify competently thereto.

2. ENGEO is a firm of geotechnical engineers, geologists, environmental scientists, hydrologists, among other professionals. ENGEO employs approximately 420 persons in the United States, New Zealand, and Australia. It has eleven offices in California.

3. I have been the president of ENGEO since 1992. I have been a registered Geotechnical Engineer in California since 1992 and a registered Civil Engineer in California

and Nevada since 1985. I am the founding director of the California Association of Geologic Hazard Abatement Districts (GHAD) and its current president. Its mission is to improve, enhance and promote the effectiveness of GHADs in California and to promote the utilization of GHADs in the prevention, mitigation, abatement, and control of geologic hazards.

4. Since 2017, ENGEO has served as SGHAD's primary geological/geotechnical consultant and liaison to SGHAD and acted as its day-to-day manager, retaining other service providers as needed. ENGEO also manages approximately 13 other GHADs throughout the state. I have been personally and intimately involved in the management of SGHAD since ENGEO became its manager and have guided SGHAD and its board to be legally compliant and operating in general accordance with accepted best practices. This has included proper application of elections laws, assessment laws, procedural protocols, Brown Act, and other operational procedures.

5. In recent years, SGHAD has been acutely aware that its funding may run out, leaving it without resources to operate the Dewatering Facilities. Accordingly, SGHAD's budgets from FY 19/20 through FY 22/23 have not included any allowances for significant deferred maintenance and repair items, or for emergency repairs. In other words, the budgets were intended to reflect only the costs of essential services.

6. Wells have a lifespan of 30-50 years. Most of the SGHAD wells were constructed in the early-to-mid 90s, placing them near their end-of-life. It costs at least $80,000 to replace a well. There are indications of degradation of the well casings and widespread silt deposition in the wells. Emergencies and sudden problems can arise as well. Recently, a dewatering well that is critical to the stability of the Santiago landslide was impacted with tens of feet of silt, such that the pump could not be removed for servicing. Last year, a water discharge pipe became blocked causing water seepage and damage to one of the streets within SGHAD. While the City partially cleared the blockage at its expense, it originally demanded that SGHAD repair it (there was a dispute over responsibility). We estimated that the repairs would cost at least $75,000.

7. I was personally and intimately involved in the proposed 2022 assessment and spent

dozens of hours on the project. A sounder budget for SGHAD – one that accounts for well replacement, repairs, and emergencies -- is the one that ENGEO recommended in connection with this 2022 proposed assessment: $466,900. This figure is approximately $190,00 greater than SGHAD's operational budgets in recent years. This is because the assessment budget included expenses that had not been previously budgeted, but are necessary to ensuring that the Dewatering Facilities operate properly and effectively into the future, such as:

- Annualized well replacement costs ($80,437)
- Monitoring well and piezometer replacement (annualized) ($16,200)
- Maintenance of connector pipes to public storm drains ($25,000)
- Annualized horizontal drain replacement ($13,895)
- Annualized inclinometer and pedestal replacement ($12,255)
- Miscellaneous and Contingency (i.e. for cost overruns and scope changes related to the budgeted items) ($42,317)

It should be noted that, unlike with other GHADs throughout California, this figure does not include an allowance for reserve accumulation, which would provide funding for unanticipated large-scale expenses.

I declare under penalty of perjury under the laws of California that the foregoing is true and correct.

Executed on January 12, 2023 in San Ramon, CA.

Uri Eliahu