

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICESDISTRICT**  
**BOARD OF DIRECTORS**  
**Tuesday, July 24, 2007**

The Board of Directors of Brooktrails Township Community Services District met in regular session on July 24, 2007 at 7:00 p.m. at the Brooktrails Community Center.

**A. PLEDGE OF ALLEGIANCE**

**B. ROLL CALL**

Roll call showed the following directors present: Ziady, Orth, Horrick and Skezas. Also present was General Manager Chapman. District Counsel Neary arrived at 7:10. Director Williams was absent with notice.

**REPORT ON CLOSED SESSION**

None.

**C. ADDITIONS/ADJUSTMENTS TO THE AGENDA**

General Manager Chapman said that District Counsel Neary wanted to add something regarding the Crothers lawsuit.

**D. MINUTES OF PREVIOUS MEETINGS**

1. July 10, 2007. Director Orth asked that in Action Agenda I.3. it be clarified that when he referred to signage, he meant the advisory speed signs that are used on corners, as compared to those not in themselves referred as speed limit signs. He asked that the words "on corners" be inserted before the phrase "where houses are" and moved to approve the minutes as so amended. Director Horrick seconded the motion and it carried unanimously.

**E. SPECIAL PRESENTATION**

None.

**F. PUBLIC HEARINGS**

None.

**G. PUBLIC COMMENTS**

None.

**H. CONSENT CALENDAR**

2. Review of Accounts Payable report and authorization to issue checks. General Manager Chapman said that we purchased 22 tons of rock costing \$2,826.00 for Ohl Grove, including delivery. Director Orth moved to approve payment of the outstanding invoice report; Director Horrick seconded. The motion carried unanimously.

3. Advance authorization for check run August 15. Director Orth moved to approve a check run on August 15, 2007 to be reviewed and retroactively approved at the August 28 meeting; Director Horrick seconded. The motion carried unanimously.

**I. ACTION AGENDA**

4. Appeal of Donna Lovato – backflow device requirement. Since Mrs. Lovato had not yet appeared, the directors addressed the next item on the agenda pending her arrival.

5. Solid Waste of Willits annual financial review – garbage franchise. Mr. Chapman noted that Michael Celentano, CPA, stated in his audit letter that he felt the figures were presented fairly. Chapman further noted the audit indicated a franchise fee payment of \$24,412.00, but we received a check for \$24,099.00. Jerry Ward, President of SWOW said he did not have a clear answer yet, but he believed that last year they had made an error on the franchise fee because they didn't include some kind of additional sales; and this error was caught by District staff. That was adjusted in 2007; therefore the computation for this year's franchise fee for the books was approximately \$300.00 more, but in actuality it was \$300.00 less because the sales were overstated for this year. So the computation for the franchise fee was correct.

Director Orth said this year they took a larger deduction for bad debts of \$3,800.00 and asked if that was a multi-year write-off. Mr. Ward said no, the bad debts were written off when considered bad, after they have gone to collection. He said he felt the bad debts run about \$1,000.00 a year; they should run around 3% of your gross. Director Orth said it does affect the bottom line which could eventually cause a rate increase. Gerry Ward said it was less than 3% if you look at overall bad debts for the company.

Director Orth moved to accept the financial report for the years ending 2005 and 2006. Mr. Ward commented that they present these statements to the County of Mendocino and to the City of Willits, and in the last couple of years Brooktrails was the only one that has actually analyzed and made comments.

President Skezas thanked Mr. Ward for his appearance. Director Ziady seconded the motion on the floor, which carried unanimously.

6. Consideration of General Fund transfers to Water Enterprise. Mr. Chapman said that it was payback time for the Water Enterprise Fund, in preparation for our pending audit. We have already transferred \$50,000.00 and will ultimately transfer another \$10,000.00 (golf) and \$10,000.00 (fire), for a total reduction in debt to the Water Fund of about \$70,000.00. The amount owed to Water was reduced from \$182,000.00 down to \$112,000.00. At the same time, the General Fund was going from approximately \$27,000.00 down to \$4,000.00; the Fire Fund from approximately minus \$3,000.00 to zero; and the Water Fund from approximately a minus \$16,000.00 to \$3,000.00. Director Orth said he was very happy with the earlier-than-predicted payoff for the Water Fund. He moved to adopt Resolution 2007-18 approving these fund transfers to cover cash deficits and for repayment of debt to the Water Fund. Director Horrick seconded. Roll call vote was as follows:

AYES: Directors: Ziady, Orth, Horrick, Skezas  
NOES: Directors: None  
ABSENT: Directors: Williams

7. Consideration of Resolution Ratifying Sixth Amended Joint Powers Agreement with SDRMA (Workers Compensation). Mr. Chapman noted the summary sheet which specified the changes to the prior JPA. Director Orth moved to approve Resolution 2007-19 approving the form of and authorizing the execution and delivery of the Sixth Amended and Restated Joint Powers Agreement with SDRMA for workers compensation coverage. Director Horrick seconded. Roll call vote was as follows:

AYES: Directors: Ziady, Orth, Horrick, Skezas  
NOES: Directors: None  
ABSENT: Directors: Williams

8. Consideration of specialized cathodic protection for 160,000- and 50,000-gallon clearwell tanks. General Manager Chapman explained why we were adding cathodic protection. This was a specialized service due to the interior baffles. This electrode protection extends the lifespan of such tanks by decades. Director Horrick moved to approve a contract with Corpro Companies, Inc., not to exceed \$16,500.00, for the cathodic protection system. Director Orth seconded. Bob Terry asked if we would lose any water during that installation. Mr. Chapman said he understood one tank would be taken offline during its installation, but it is installed near the top of the tank, but because we now have two tanks, he didn't anticipate a problem. Roll call vote was as follows:

AYES: Directors: Ziady, Orth, Horrick, Skezas  
NOES: Directors: None  
ABSENT: Directors: Williams

9. Update of cost estimates for Lake Emily spillway project scheduled 2008. Mr. Chapman said the engineer's cost estimate increased by \$1,000,000.00 in the last three months due to a much higher earthwork yardage and at a much higher unit cost per cubic yard. He mentioned that USDA Rural Development wanted to close out the old LaSalle loan and have this combined with the USDA loan for the rubber spillway, for a total loan of \$3,165,100.00. Mr. Chapman said this would be at 4¼% interest, on a 40-year note. On the motion, he said, it would be to approve the Hanson Engineering Table 1, which USDA would use as the basis to give us this loan. Mr. Chapman said he had no intention of raising rates next July 1, 2008 unless some disaster hits us. Director Ziady asked if we would have enough money to take care of the costs when construction actually begins. Mr. Chapman said he did not know the complete answer to her question. Also, the engineers had said that we might want to clear the brush and trees this October – December time frame, weather permitting, because then we are out of the bird nesting season. He needed to discuss this item further with Counsel Neary. Director Orth noted that you could burn the brush at that time also, as opposed to the summer. Mr. Chapman said at the next meeting we will have a closed session regarding shoreline easement purchases. We need to get some money so that we have the ability to do this. Also, it was possible that in the next two weeks we may have to call a special meeting to process USDA Rural Development forms and get them signed by the August 23, 2007 deadline. It was possible that we would receive our Letter of Conditions this Friday. Director Orth moved to approve the Hanson Table 1 as the basis for obtaining a loan of \$3,165,100.00 from USDA Rural Development. Director Horrick seconded. Roll call vote was as follows:

AYES: Directors: Ziady, Orth, Horrick, Skezas  
NOES: Directors: None  
ABSENT: Directors: Williams

10. Rubber Spillway Project – delay manufacturing of Obermeyer gate. Mr. Chapman discussed this idea with Robert Eckman of Obermeyer. Mr. Eckman urged him to delay manufacturing of the rubber component of the gates until April-May 2008. Mr. Eckman had said that delays such as ours occur often and they could easily manufacture and store the gates and provide pictures for the Board's satisfaction. Mr. Chapman recommended that we follow his suggestion. We would pay for manufacture of each component as it occurred, and they would still be delivered July 2008 for our construction target date of August 1, 2008 (gates only). Director Orth moved to authorize the General Manager to work with Obermeyer Inc. in the manufacturing, storage and delivery of the spillway gate components. Director Ziady seconded and the motion carried unanimously.

4. Lovato Appeal. Mrs. Lovato had not appeared. Directors decided to proceed with the matter. Mr. Chapman explained to the public that there were a number of hot tubs, spas, pools, etc., in the District and we currently have about 100 backflow devices in place. While it is a state issue, it is still a case-by-case analysis. Mr. Chapman said that Mrs. Lovato wanted to appeal having to pay the \$3.24/month inspection charge for a backflow device. He had already informed Mrs. Lovato that the decision to install a backflow device was final. There is a cost to the District in labor to do this annually and it is time-consuming for staff, who have to be certified to do this. Director Ziady said unless Mrs. Lovato took out the hot tub, even though she was not using it, she felt it was the Board's job to protect the water for the customers, since we would not know if the hot tub were connected or not, and that the charge should continue. Director Orth agreed and moved to deny the request for non-installation of backflow device and to continue the monthly charge unless the hot tub was removed. Director Ziady seconded. Roll call vote was as follows:

AYES:	Directors:	Ziady, Orth, Horrick, Skezas
NOES:	Directors:	None
ABSENT:	Directors:	Williams

**J. ADDITIONS TO FUTURE AGENDAS**

None.

**K. SPECIAL REPORTS**

**From Directors:** None.

**From District Counsel:** Mr. Neary said the Superior Court had upheld the Board's decision in the termination of David Crothers and the directors had been provided with a copy of the decision, which was no longer a confidential matter and was in the public record. There was a possibility of appeal.

**From General Manager:** None.

**L. PUBLIC COMMENTS**

Clay Romero said that since he purchased his 16-acre parcel, some people thought it was an existing Brooktrails trail. He said in the interest of being neighborly, if there were a situation whereby someone wants to cross it to look for flowers and enjoy the site, they should give him a call and tell him what's going on, but he couldn't have it open generally to the public. He felt with a particular request he could be reasonably accommodating about it and he said he would put a sign up to that effect. The directors thanked him; comments were made that Patricia Cornell and the Wild Turkey Club would be very happy about this.

**M. ADJOURNMENT**

Director Orth moved to adjourn; President Skezas declared the meeting of July 24, 2007 closed at 7:40 p.m.

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GEORGE SKEZAS, President

ATTEST:

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MICHAEL V. CHAPMAN