

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Annual Budget Meeting
Saturday, April 19, 2008**

Due to videotaping audio failure, minutes have been reconstructed from General Manager's notes.

The Board of Directors of Brooktrails Township Community Services District met in regular session on April 19, 2008 at 8:43 a.m. at the Brooktrails Community Center.

A. PLEDGE OF ALLEGIANCE

B. ROLL CALL

Roll call showed the following directors present: Williams, Ziady, Orth, and Horrick. President Skezas was absent with notice and therefore Vice-President Horrick presided. Also present were General Manager Chapman, Chuck Harden of the Finance Committee, and Lori Mayo (Finance Assistant). District Counsel Neary did not attend.

REPORT ON CLOSED SESSION

None.

C. ADDITIONS/ADJUSTMENTS TO THE AGENDA

None.

D. MINUTES OF PREVIOUS MEETINGS

None.

E. SPECIAL PRESENTATION

None.

F. PUBLIC HEARING

None.

G. PUBLIC COMMENTS

None.

H. CONSENT CALENDAR

None.

I. ACTION AGENDA

1. Receive Draft Budget for Fiscal Year 2008-09 and Schedule Public Hearing for June 10, 2008. The draft of the budget for FY 2008-09 was received and a Public Hearing was motioned (Director Orth) and seconded (Director Ziady) and approved for June 10, 2008. Roll call vote on the motion was as follows:

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

2. Review Draft Budget for Fiscal Year 2008-09 including discussion of Rates & Fees. General Manager Chapman spent two hours walking through the budget. He began by discussing the Statement of Assumptions, and in particular discussed the suggested water base increase of 4% (i.e., from \$32.45 + \$1.30 Δ = \$33.75), and the sewer base increase of 8.3% (i.e., \$30.07 + \$2.50 Δ = \$32.57). He noted the general inflationary costs of wages, supplies, and fuel. A general discussion revolved around Mr. Chapman's hesitancy with the City of Willits and their lack of financials regarding sewer.

Mr. Chapman thoroughly reviewed the Manager's Analysis found on page 4 of the Statement of Assumptions. Items included reserves, water projects including the 3' raise of Lake Emily, the 38' raise of Lake Ada Rose, the phasing out of wells, the potential desilting of Lake Emily, the \$31,000.00 recent contribution to the 2nd Access Road project, the leak detection program, the SSMP sewer program (unfunded mandate), the SCADA telemetrics and tank liner program, the transfers of General Fund monies to Golf, Fire, and eventually to the Water Enterprise Fund.

More particularly, Mr. Chapman walked through the two year analysis of the Combine Statement found on page 7 of the budget. Again, he concentrated on the expected transfer of \$114,000.00 from the General Fund to support other funds. At that point there was a lengthy Board discussion regarding the potential fall-out from the potential State Parole System cost shift expected possibly in July 2008. This entailed the potential loss of \$125,000.00 to the General Fund. The General Manager suggested that for

starters he would cut approximately 1,000 hours out of the Fire Department, potentially cease the expected \$45,000.00 transfer of General Fund dollars eventually scheduled for the Water Enterprise Fund, and curtail general expenditures as the budget year unfolded (e.g., SCADA & tank liners). He mentioned the District had done similar things in 2005 and 2006 during the ERAF takings.

Moving on, the General Manger reviewed the Rates & Fees found on page 8 of the budget and the five year capital outlook plan found on page 9. At this page he highlighted the Ford F-350 Diesel Fire Pickup with 200 gallon fire suppressant tanks for the duty officer. He also discussed the Lilac lift station project, the portable 30kw generator for water and sewer emergencies, and a small manhole realignment project near Birch Street. Last, he touched on the smoke tester needed in our sewer department.

Mr. Chapman reviewed the revenue page found on page 12, followed by successive review of all of the specific departments found on pages 14 through 23. Considerable discussion from Director Ziady revolved around the available pool of funds (Franchise Fees) found on page 15. Mr. Chapman agreed to knock down the \$5,000.00 item for building maintenance. After brief discussions about raising the rates in the golf course budget, the manager explained the \$21,000.00 item found in the FY 2007-08 revenue forecast for the fire department. He explained that it was a reimbursement of workers compensation from the County of Mendocino that had to be treated as a revenue item, rather than a credit to an expense account.

Mr. Chapman explained why he separated the USDA subcomponent fund from the Water Enterprise Fund (loan). He made this separation at the request of the auditor. Some general discussion followed about the rising prices in supplies and fuel. In the end the Board of Directors gave approval to raise the proposed 4% water base rate to 5% (i.e., from \$32.45 + \$1.62 to \$34.07), as well as the water tier rate increases.

Regarding the Sewer Enterprise Fund, the manager explained the necessity of stepping up our maintenance program under the State-mandated SSMP plan (unfunded). Mr. Chapman voiced concern with the City of Willits and their general lack of financials (2006 & 2007) to make practical budget decisions. He suggested that we follow a conservative path of \$2.50 (i.e., from \$30.07 + \$2.50 to \$32.57 or 8.3%) for the next several years until the City can sort out its sewer project (estimated \$24 million). The Board agreed to the \$2.50 raise in sewer base rates.

Last, Mr. Chapman reviewed the last page of the Replacement Reserve schedule to indicate the \$12 million in surface facilities and equipment, and land based assets approaching \$4 million. Mr. Chapman was asked to update the budget figures.

J. ADDITIONS TO FUTURE AGENDAS

None.

K. SPECIAL REPORTS

From Directors:

From District Counsel: None.

From General Manager: None.

L. PUBLIC COMMENTS

None.

M. ADJOURNMENT

Vice-President Horrick declared the meeting of April 19, 2008 closed at 10:40 a.m.

GEORGE SKEZAS, President

ATTEST:

MICHAEL V. CHAPMAN