

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Tuesday, June 23, 2009**

The Board of Directors of Brooktrails Township Community Services District met in regular session on June 23, 2009 at 7:00 p.m. at the Brooktrails Community Center.

A. PLEDGE OF ALLEGIANCE

B. ROLL CALL

Roll call showed the following directors present: Williams, Horrnick and Skezas. Director Ziady was absent with notice and Director Orth was absent due to illness. Also present were General Manager Chapman and District Counsel Neary.

REPORT ON CLOSED SESSION

None.

C. ADDITIONS/ADJUSTMENTS TO THE AGENDA

None.

D. MINUTES OF PREVIOUS MEETINGS

1. June 9, 2009. Director Williams moved to approve the minutes; Director Horrnick seconded. President Skezas abstained. The minutes were approved.

E. SPECIAL PRESENTATION

None.

F. PUBLIC HEARINGS

2. Public Hearing (2nd of 2) on Proposed Rates & Fees for FY 2009-10. President Skezas opened the public hearing at 7:02 p.m. Richard Estabrook spoke and said he believed we were fine now for water and should have 50+ acre-feet at year-end regardless of drought circumstances. He felt the \$2.07 raise in the water base rate was clearly for the Ada Rose project. He said this project was of no benefit to him as an existing ratepayer, and instead he would argue it was actually a detriment. He felt the notice was a bit deceptive; it should have clearly said this \$2.07 fee increase was to support the Lake Ada Rose expansion project. He thought this was in violation of Prop. 218, which he said was put in place specifically to say you can't fund projects with rates and fees that do not benefit the rate and fee payers. He asked the Board to consider this. There being no other comments, President Skezas closed the hearing at 7:06 p.m.

Mr. Chapman responded by saying he had three issues with respect to Mr. Estabrook's written protest. First, he said, he felt Mr. Estabrook would benefit from having more water available. Second, our "expansion" really doesn't begin until we are at the Specific Plan build-out of 3,816 SFRs. We're basically under mandate according to the Specific Plan to reach that buildout, and so he saw this not as an expansion, but rather a continuum of what we're trying to accomplish in this District. Third, he asked, what about the other side, that's been paying approximately \$140,000.00 a year for many years, even when Mr. Estabrook was on the Board. These were unrestricted funds, he noted.

President Skezas said he thought the intent was to fund the study out of water availability charges; he agreed that was a little different than the minutes of that meeting because we didn't know it at that time. Director Horrnick said when we do spend that money, maybe we'd better make it perfectly clear that it's coming out of water availability. Mr. Chapman said that we would track it.

3. Public Hearing – Protests to Water Availability Charges. President Skezas opened the public hearing at 7:09 p.m. Mr. Chapman said this was for individuals to protest the water availability charge being applied to their lot. There being no comments, President Skezas closed the public hearing at 7:10 p.m.

4. Public Hearing – Protests to Sewer Standby Charges. President Skezas opened the public hearing at 7:10 p.m. Mr. Chapman said this was for individuals to protest the sewer standby charge being applied to their lot. There being no comments, President Skezas closed the public hearing at 7:11 p.m.

G. PUBLIC COMMENTS

None.

H. CONSENT CALENDAR

5. Review of Accounts Payable report and authorization to issue checks. Director Horrick moved to approve payment of the outstanding bills. Director Williams seconded; the motion was unanimously approved.

I. ACTION AGENDA

6. Consideration of resolutions establishing Water/Sewer rates, Golf Course fees for FY 2009-10. Mr. Chapman pointed out that our water/sewer resolution this year has very specific language describing how the rates were calculated. The sewer rate was going to \$50.09, a dramatic increase due to City of Willits new sewer plant costs. Director Williams moved to adopt Resolution 2009-7 establishing rates and charges for water and sewer connections and services; Director Horrick seconded. Roll call vote was as follows:

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

Director Horrick moved to adopt Resolution 2009-8 establishing golf rates and fees for FY 2009-10; Director Williams seconded. Roll call vote was as follows:

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

7. Approval of report to Mendocino County Tax Assessor on water availability and sewer standby charges. Director Horrick moved to approve submission of the annual report to the County; Director Williams seconded. The motion carried unanimously.

8. Consideration of resolution adopting FY 2009-10 Budget. Mr. Chapman said the total anticipated budget was \$2,630,800.00. Director Horrick moved to adopt Resolution 2009-9 adopting the proposed budget for FY 2009-10; Director Williams seconded.

Director Williams asked about fund transfers. Mr. Chapman explained that debt transfers have been made for the past five years per a request from the auditor. He explained that since the fund transfers resolution of two weeks ago, last week Lori Mayo, Finance Assistant, reported to him that the debt from Golf to Water had actually been paid off in its entirety this month (June 2009). Therefore, with the resulting slight excess he proposed to give the Fire Department a small extra boost to eliminate its longstanding debt to the Water Department next year (FY 2009-10). In summary, a year from now we will only have the remaining debt of Golf to Sewer (existing debt \$52,000.00). Next year the Board may want to consider paying off this debt outright by another General Fund transfer. Originally this loan (between golf and sewer for an irrigation system) was made in 1994 for about \$184,000.00. The problem was, at this junction we don't know the full ramifications of how the State's budget crisis will affect our General Fund. We will probably know more about it in 30 days. Lastly, he noted that these transfers didn't affect the rates.

Roll call vote was as follows:

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

J. ADDITIONS TO FUTURE AGENDAS

None.

K. SPECIAL REPORTS

From Directors: None.

From District Counsel: None.

From General Manager: Mr. Chapman said we will probably need at least 6-8 more signs prohibiting ATVs in the greenbelt, due to all the various skid roads in the Blue Lake area, and he was also researching costs for two large signs for entryways to Brooktrails. He said he would provide this information to the Recreation Committee for their review. The road permit would cost \$500.00 for two signs, and he said DOT absolutely did not want more signs at the existing Sherwood Road and Birch Street intersection. The current intersection is too dangerous to add more signs to distract the drivers. He said we would back up about 200 feet down the road, on Padula's side, in the County easement.

Also, he explained that the golf course water meter was an awkward situation. This was because the meter was spinning forward and backwards due to line turbulence. He said we had a 3" line coming at right angles off a 12" line and then running through still different lines of different dimensions, and that he had now realized that the water meter was inaccurate. He said the expected fix may cost in excess of \$1,000.00 and we have ordered a flume which hopefully can measure the water better, but we weren't 100% confident that it will, due to the line configuration. President Skezas asked about having the meter placed after the pump instead of before.

L. PUBLIC COMMENTS

Richard Estabrook asked about water availability and rates and fees; he felt they should be tracked and separated out. Mr. Chapman said we were going to start doing that. Mr. Estabrook asked about retroactive tracking since besides the \$38,000.00, the cost of the water rights application and numerous studies were also paid on this project. Mr. Chapman said no, that wouldn't be done retroactively, some of it has already been audited. The total amount spent prior to the newest \$60,000.00 contract with AES was about \$62,000.00; therefore the grand total was around \$122,000.00.

Mr. Estabrook said he felt this was something of a shell game and he recommended that there be two distinct accountings; Mr. Chapman said until and unless the Board acts to do this, there's no reason to do that because these were unrestricted funds (water availability charges). Mr. Estabrook contended water rates and fees were heavily restricted and asked for better transparency. President Skezas said the water availability funds had in the past been used to subsidize rates and fees, year after year, so they didn't increase as much as they legitimately could have for the true charges. Mr. Chapman said we can make an agenda item for a Board decision. He said auditors typically look at water availability charges as just another source of unrestricted funds.

Mr. Estabrook said rates and fees must be used for a specific benefit for property owners and cannot be used to things that do not immediately and directly benefit them. Counsel Neary said he was partially correct, but it was a matter of degree. Essentially we are required to use rates and charges for the purpose for which they are collected — the purpose as stated in our Enterprise Fund description. There were some limitations on rates, and there were some things like connection fees that are rigidly regulated. He said if this came on as an agenda item it probably would bolster defensibility of the rates and fees to do it, if it isn't a big accounting issue. Mr. Chapman said we could have a sub-account and he had no problem bringing it to the Board, but could not deliver it by July 14, 2009 (the next meeting). President Skezas felt we need to keep track of this at any rate because if the project goes forward, those expended costs are reimbursable, refundable.

Don Morris said the golf course meter should be a high priority for the District; he asked if this irrigation usage had to be specified in our water rights application. Mr. Chapman described current and future irrigation uses. District Counsel Neary said our existing water rights application said the water will be used for domestic and irrigation and he felt the percentage of each could vary and did not need to be specified. Uses are reported annually. However, we needed accurate information in case of a claim that our rights hadn't been put to full beneficial use.

Mr. Chapman then discussed the return rate on the return well at Lake Emily — about 27.2 acre-foot since inception. We will continue the test to see what the results are as the lake subsides over the next six months. He advised we will be purposely lowering Ada Rose this August because we have to fix the baskets.

M. ADJOURNMENT

Director Horrick moved to adjourn. President Skezas adjourned the meeting at 7:42 p.m.

George Skezas, President

ATTEST:

MICHAEL V. CHAPMAN