

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Annual Budget Meeting
Saturday, April 4, 2009**

The Board of Directors of Brooktrails Township Community Services District met in regular session on April 4, 2009 at 9:00 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 Skezas. Director Horrick was absent with notice. Also present were General Manager Chapman, Chuck Harden of the Finance Committee, and Lori Mayo (Finance Assistant) and Robert Melliush (Superintendent of Utilities). 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. Review of Draft Budget for Fiscal Year 2009-10 including discussion of Rates & Fees.

General Manager Chapman started with his Statement of Assumptions laying the foundation of the FY 2009/10 budget. He pointed out the CEQA statement box as advised by General Counsel Chris Neary. He proposed to not raise the water base rate. The base rates compose basically 63% of our costs; the tiers cover another 24% and then the unrestricted Water Availability assessment funds the rest. He requested to change door hangers from \$10.00 to \$15.00 and suggested that reinstatement of closed accounts be raised from \$30.00 to \$50.00 since the latter disconnect basically required two trips, one to disconnect, and the second to reconnect (all under the same charge). He mentioned that the water department wage and benefits cost about \$49.00 per hour (not including administrative staff), and that he was aware that other Districts were charging even more than \$50.00 for disconnections. Moving on he indicated our cash position in water was about \$225,000.00, a little low given the Lake Ada Rose challenges ahead. He mentioned the WAA (Water Availability Analysis) scoping project with AES (Analytical Environmental Services) would require a further rising of the base rates by \$3.26, all things considered.

Speaking of cash he mentioned the overall cash position of the District at approximately \$1,787,000 as of February 28, 2008, but the bulk of it was in the sewer department. Regarding sewer he mentioned we had little choice but to raise the rates dramatically, about \$14.72 per month, given the City's new sewer plant. He told the Board he didn't have the Niessen Property calculated in that figure as well.

Moving on Mr. Chapman pointed out the new GASB 45 rule will require us to start funding retirement health benefits. Lori Mayo, Financial Assistant, pointed out we do not have to start funding these, but we have to report it on our financial statements. The evaluation study we recently completed told us that we should fund the \$22,000.00 now; that way we'd stay current and add a little bit every year. Mr. Chapman said he had incorporated the \$22,000.00 into the wage and benefits budget. Director Orth said he was in favor of starting the funding of this year.

Going forward Mr. Chapman mentioned that the *ad valorem* tax was dropping about \$38,000.00 this year; that would affect the General Fund, and answering another question pointed out our latest COLA estimate was 0.5. He then walked through individual department budgets for the next several hours highlighting each section as they went along. In the General Fund he pointed out the approximate \$90,000.00 in transfers [\$10,000 for golf; \$35,000.00 for water; and a net \$45,000.00 for the fire department]. In the recreation department he pointed out that we had \$5,000.00 set aside for greenbelt maintenance, and another \$5,000.00 for potential park building projects.

Moving onto golf there was some discussion about how future golf projects would be funded (see discussion later). Regarding the fire department Mr. Chapman mentioned that he was reducing the part-time secretarial position by about 500 hours ($\frac{3}{4}$ to $\frac{1}{2}$) and that the only sizable capital project this year would be a new copy machine lease, one large enough to handle the summer influx this department now creates under the abatement program.

Discussing the water department, Mr. Chapman and Robert Melliush, Utility Supervisor, both spoke about the increasing costs of supplies, much of it due to bulk shipping of heavy products such as polymers. Mr. Chapman pointed out he was raising the supplies substantially from \$115,000.00 to \$142,000.00, given our recent history. While the bottom line hasn't changed that much from the previous year, Mr. Chapman explained that he was lowering other line items to make up the difference for the supplies, examples included building and tank maintenance (he mentioned we recently finished refurbishing a lot of tanks for a DHS inspection last August and that they were basically in pretty good shape).

The conversation then turned to the WAA scoping project via the Board President, George Skezas. His point was that he did not want the WAA (Lake Ada Rose Project) dropping off the table. After some discussion Mr. Chapman pointed out we could save some money by borrowing about \$22,000.00 from USDA Rural Development for the expected Dam Safety bill coming our way. However, at this point he had not made that request. Continuing, it was consensus by the Board to raise the water base rate by another \$2.07 to cover the expected increase for the WAA scoping process. Water rates would increase from \$34.07 to \$36.14 (6%).

Moving onto sewer, little explanation was necessary for the \$14.72 rate increase proposed by the General Manager. The discussion quickly evolved about the Niessen property status, and since it took the City six years to get the numbers squared away, the Board suggested we make the payback at one-sixth the expected amount (even though it still hasn't been fully negotiated yet between the City and Brooktrails). As a safety factor the rates were increased by another \$2.80 for the Niessen issue, or the total base rate for sewer would be increased from \$32.57 to \$50.09 (54%).

2. Review of GASB 45 valuation of Retiree Health Benefits by North Bay Pensions. Mr. Chapman and Ms. Mayo explained the GASB 45 valuation packet regarding OPEC (other post employment benefits). Mr. Chapman pointed out that earlier in the year we hired an actuary consultant to help us determine the costs and obligations we need to set aside for our health benefit package that included the 50% of health and dental insurance until the age of 65. The new law effectuates July 1, 2009. As Ms. Mayo suggested, we chose the aggregate method (\$22,300.00 per year) as the easiest understood option. Mr. Chapman reminded the Board that the \$22,300.00 figure was incorporated in the budget. The Board unanimously accepted the proposal as part of the budget process.

3. Reevaluation of the ad hoc golf course advisory committee. Mr. Chapman opened by suggesting that we will subsidize the Golf Course approximately \$14,000.00 this year. The figure was a little higher than normal due to a pump repair for \$3,400.00 last fall. He turned the discussion over to the Board.

Director Orth said he saw three proposals coming forth from the Golf Course Committee ("GCC"), the first being a THP process recommended by Ron Runberg, the second being a long-term maintenance program, the third being a do-nothing approach. He commented there were no dollars in the budget for tree maintenance. He suggested that some sort of capital improvement program was needed. He said there were some conflicts with the Specific Plan and that the update would impact the Redwood Park Master Plan. He saw issues arising under CEQA which would have to be resolved before starting a THP process anyway. He said a timber harvest plan might be accommodated this year, but that it would be really challengeable if we went forward without an updated process on the long-term maintenance and capital improvements.

From the audience Don Morris voiced that, as far as he understood it, the removing of trees was off the table. He voiced he was still concerned about the second meeting whereby Mr. Gott, a committee member, assaulted Mr. Stahle in the parking lot.

Director Williams said the legal ramifications indicated that the ad hoc committee could be an important part of the process to get things done to a middle way — to have most of the trees stay and also still have a golf course. But if the final decision couldn't be made shortly, in fairness to Ron Runberg, then the ad hoc committee needed to completely reconsider what it was doing. He said he really wanted the ad hoc committee to be composed of people with strong feelings but also willing to put in the time and energy of working out something we can all live with. If they're not capable of doing this then we will end up with a madhouse in front of the Board once again. He didn't mind if the committee is fairly big as

long as all the ideas in the community were fairly represented and since we will all still be living here, let's get it right.

It was mentioned that the next committee meeting was scheduled on April 13, 2008.

J. ADDITIONS TO FUTURE AGENDAS

None.

K. SPECIAL REPORTS

From Directors: Director Orth spoke about contacts with someone about the Specific Plan Update.

From District Counsel: None.

From General Manager: None.

L. PUBLIC COMMENTS

Don Morris asked what the status of the golf course committee was right now. Director Orth said it would meet Mondays at 5:00 until its proposals came out, and then after that move on to become an advisory committee for the Redwood Park Master Plan and the Specific Plan Update Process. Don Morris, Wally Stahle, and other audience members asked about the incident that had occurred between Ken Gott and Wally Stahle. Director Orth said he had to separate the individuals directly involved. [Unfortunately several speakers spoke at once and we couldn't decipher on tape what was being said by whom.] A comment was made that it was outside the committee meeting being held in the building and therefore was outside the committee meeting, and was not a Brooktrails matter. Mr. Chapman voiced it was a civil matter between the two parties in the parking lot. Mr. Stahle, continuing, said if the committee was supposed to resolve a divisive community issue and that if someone was assaulted because of a different opinion, he said it seemed inconsistent for the Board to have a committee that was physically and verbally intimidating. Mr. Runberg voiced he was not there and was not taking sides.

The discussion turned about behavior guidelines. Comments were made about making a rule now that wasn't retroactive. Mr. Melliush recommended a cooling off period for 60 days and then to reorganize the committee again; he said you have that a group culturally pitting against each other. He felt you would not achieve anything with the way the committee acting. Director Williams mentioned that these sorts of things do get worked out, but sometimes it takes some time. Mr. Runberg said the committee wasn't the end-all with whatever was decided. Maybe you could get something out of the committee and then say you wanted to keep looking at it.

M. ADJOURNMENT

Upon motion, President Skezas declared the meeting of April 4, 2009 closed at 12:18 p.m.

GEORGE SKEZAS, President

ATTEST:

MICHAEL V. CHAPMAN