

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS**

Tuesday, June 22, 2010 – readjourned Thursday, June 24, 2010

The Board of Directors of Brooktrails Township Community Services District met in regular session on June 22, 2010 at 7:00 p.m. at the Brooktrails Community Center.

Closed Session was held following the open meeting. The Directors then adjourned the meeting in order to conclude its Closed Session and Action Agenda Item 12 on June 24, 2010 at 7:30 p.m. at the same location.

A. PLEDGE OF ALLEGIANCE

B. ROLL CALL

Roll call showed the following directors present: Ziady, Orth, Horrick and Skezas. Also present were General Manager Chapman and District Counsel Neary. Director Williams arrived at 7:05 p.m.

REPORT ON CLOSED SESSION #1

District Counsel Neary again reported that the Board at its June 9, 2010 meeting met regarding existing litigation Brooktrails v. Willits, received information from counsel and gave direction, and existing litigation Brooktrails v. Roseman, received information and gave direction to counsel.

C. ADDITIONS/ADJUSTMENTS TO THE AGENDA

None.

D. MINUTES OF PREVIOUS MEETINGS

1. June 9, 2010. Director Orth asked for three changes, all in Section I.5: Add “of Sherwood Road” between “capacity” and “to function” in the 1st paragraph, last sentence. Add after the first sentence of the 2nd paragraph: “Mr. Roland responded that those English roundabouts were old designs, not comparable to modern roundabouts.” Separate or distinguish Counsel Neary’s report of the closed session of May 25, 2010, which should not appear in this part of the agenda. He moved to approve the minutes as so amended. Director Horrick seconded and the motion carried unanimously.

E. SPECIAL PRESENTATION

None.

F. PUBLIC HEARING

2. Second Public Hearing on Rates & Fees for FY 2010-11. Mr. Chapman reviewed the rates and fees budget process to date. We proposed to raise the sewer base rate to \$53.00 and various increases were proposed for golf fees. President Skezas opened the public hearing at 7:05 p.m. There being no comments, he closed the public hearing at 7:05 p.m.

3. Public Hearing for Protests to Water Availability Charge for FY 2010-11. Mr. Chapman explained that this hearing was solely to hear protests on the application of this charge to any specific lot. He said he had received one written protest to the water and sewer assessments from Roberta Heath of Ukiah. Ms. Heath, present at the meeting, said her letter was an inquiry and not a protest. President Skezas opened the public hearing at 7:07 p.m. There being no protests, he closed the public hearing at 7:07 p.m.

4. Public Hearing for Protests to Sewer Standby Charge for FY 2010-11. Mr. Chapman explained that this hearing was solely to hear protests on the application of this charge to any specific lot. President Skezas opened the public hearing at 7:08 p.m. There being no protests, he closed the public hearing at 7:14 p.m.

G. PUBLIC COMMENTS

Steve Eberhard asked about the “ATV” prohibition signs. Mr. Chapman explained they will be done under the budget beginning July 1, probably within the month of July. Maria Bates asked if the 24 new connections were on the agenda and was told yes.

H. CONSENT CALENDAR

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

6. Retroactive Approval of Check for Consumer Confidence Report Postage. Director Orth moved to retroactively approve Check #024696 in the amount of \$391.69; Director Horrick seconded; the motion was unanimously approved.

I. ACTION AGENDA

7. Consideration of resolutions establishing Water/Sewer Rates, Golf Course Fees for FY 2010-11. Director Orth moved to adopt Resolution 2010-10 establishing rates and charges for water and sewer; Director Ziady seconded. Roll call vote was as follows:

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

Director Orth moved to adopt Resolution 2010-11 establishing fees and charges for the Brooktrails Golf Course; Director Ziady seconded. Roll call vote was as follows:

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

8. Consideration of resolutions establishing salary, wage, fringe benefit plan and fee schedule and approving revised Employee Agreement. Director Orth moved to adopt Resolution 2010-12 establishing a salary, wage, fringe benefit plan and fee schedule for all employees, retirees and officers of the District and providing for adjustment thereof on July 1, 2010. Director Horrick seconded. Roll call vote was as follows:

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

Director Orth moved to adopt Resolution 2010-13 approving a new three-year employee agreement. Director Horrick seconded. Roll call vote was as follows:

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

9. Consideration of resolution adopting FY 2010-11 Budget. Director Orth moved to adopt Resolution 2010-14 adopting the budget for FY 2010-11; Director Ziady seconded. Roll call vote was as follows:

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

10. Approval of report to Mendocino County Tax Assessor on water availability charges and sewer standby charges for District lots. Mr. Chapman pointed out the tax rolls database changes that will be reported to the County by August 10, 2010. Director Orth moved to approve the report; Director Williams seconded. The motion carried unanimously.

11. Consideration of resolution approving fund transfers for Fiscal Year 2009-10. Mr. Chapman explained we are revising the previously-approved fund transfers for this fiscal year to reflect our actual cash situation. Director Orth moved to adopt Resolution 2010-15 approving fund transfers for FY 2009-10 establishing rates and charges for water and sewer; Director Williams seconded. Roll call vote was as follows:

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

12. Consideration of 5th Amendment to Sewer Agreement with City of Willits. Paul Cayler, Willits City Manager, appeared with staff members Joanne Cavallari, Tom Mannatt and J.C. England. On the sewer plant project, he reported they received their 401, 404 and 1600 permits and will amend the 1600. Their rate-setting study is completed. They finished their USDA checklist, will submit it by the end of the week, and then will amend it. Only two things were left to do: the 5th Amendment, and an engineering agreement with SHN for resident engineer services. Mr. Cayler pressed for a quick signing of the amendment by Brooktrails in order to have the most available construction time.

Counsel Neary commended Mr. Cayler for getting the project focused and out to bid. He said he and Jim Lance, Willits City Attorney, have been passing drafts of the proposed 5th Amendment back and forth; the Board had not seen these revisions and it would be discussed later in closed session. The Board wanted a report on capacity at the new plant. We asked Brelje & Race to prepare this and to expedite it.

He had just now received their draft report on his phone during the meeting and felt there needed to be a special meeting to discuss this. Directors discussed scheduling this. President Skezas said Willits' deadline was July 21, 2010 and he would be back in town July 19, 2010 and this would work. Mr. Cayler hoped for an earlier response and said that was their deadline to award the bid. It was decided to continue tonight's meeting, for closed session and discussion of this one item, to 7:30 p.m. on Thursday, June 24, 2010.

Mr. Cayler continued that the City appeared before RWQCB three weeks ago and their waste discharge requirements were revised. They have their NPDES except for Section H, "Reclamation," regarding spray irrigation fields. He mentioned that WDRs are now process-specific, after Healdsburg's protest of their former site-specificity, which required repeating the entire process if you add capacity. Action on their Section H has been carried over to July 11, 2010. Mr. Cayler said he would return on June 24, 2010 for the Brooktrails Township CSD adjourned meeting.

13. Consideration of Golf Course map proposals. Mr. Chapman received three estimates: Mark Vogel - \$9,800; Matt Herman - \$12,500; Rachael Campbell - \$13,375.00. Directors discussed that Mr. Vogel has often worked for the District. Director Williams moved to approve the Vogel estimate; Director Orth seconded and the motion carried unanimously.

14. Determination of water connections to be made available to public and manner of notification of public. Mr. Chapman confirmed that there are now definitely 21 unclaimed connections; three others' deadlines for paying their deposit are July 10.

Maria Bates questioned the wisdom of having 24 new houses, citing the supply statistics given in the 2003 moratorium. She protested adding new connections when she had been cited for excessive use and given the impression we were under a water alert. President Skezas advised her the maximum use rule still applied, year-round, and if she exceeded it the General Manager would contact her again.

Directors agreed that we should now release these to the public and directed that the announcement be made on the internet. As to process, they would not be held to deadlines for construction (as was the waiting list process), but per President Skezas, they would have no restrictions but would have to submit building plans, and if their plans were delayed in being approved and the connections sold out, they would lose it. President Skezas said there was a motion and a second and asked for a vote; all directors voted aye.

J. ADDITIONS TO FUTURE AGENDAS

None.

K. SPECIAL REPORTS

From Directors: None.

From District Counsel: None.

From General Manager: None.

L. PUBLIC COMMENTS

None.

M. ADJOURNMENT

Director Orth moved to adjourn to closed session and to continue the regular meeting to Thursday at 7:30 p.m.; President Skezas adjourned the open meeting at 8:32 p.m.

CLOSED SESSION

ADJOURNMENT – Continue Closed Session and Action Item 12

June 24, 2010 – 7:30 p.m. – CLOSED SESSION

READJOURNMENT of Regular Meeting

President Skezas said we were going to reconvene the meeting that we continued on Tuesday evening, during which we did the Pledge of Allegiance. He called the meeting to order. All directors were present. The only subject tonight was the 5th Amendment to the Sewer Agreement with Willits.

REPORT ON CLOSED SESSION #2

Mr. Neary said that during the closed session following the June 22nd meeting and preceding this meeting, the Board met with Counsel regarding one item of existing litigation, Brooktrails v. Willits, received information and gave direction. After some vigorous discussion the Board decided to move to approve the 5th Amendment as drafted by himself this morning with some minor changes. And then, for

benefit of the City and Council members present, that would include the draft language of Sec. 9, which is proposing amendment to Sec. 10 of the 2nd Amendment.

President Skezas asked for a motion. Director Williams moved that we direct the General Manager and the President of the Board to sign a 5th Amendment which includes without much modification the 5th Amendment to Agreement with City of Willits, as proposed to us by City of Willits, but with an added Paragraph 9 which included an amendment which would amend Paragraph 10 of the 2nd Amendment between the City of Willits and this District to substantially, to modify the language of the 2nd Amendment, with the proviso that District Counsel and the District Manager make certain changes to the language consistent with what the Board reviewed in closed session tonight, and then present that document tomorrow to the City for its consideration. Director Horrick seconded. President Skezas opened the matter for discussion.

Director Williams said a lot of the conversation that's taken place in our closed sessions have dealt with the history that's gone on between Willits and the District over this treatment plant. It is obvious to him that prior to his coming on the Board there have been a lot of disagreements between the City Council and this Board with respect to interpretation and application of this agreement. He said the language in Paragraph 10 was too vague. It has given rise to a lot of hard feelings on the part of the Board, the feeling that it and the ratepayers have been mis-served by the language in Paragraph 10, and he didn't think the City has been any better served by it. Perhaps we ought to agree on modification to Paragraph 10 of the 2nd Amendment. We've got litigation going on between these two governments right now and that in his judgment never that should have never happened, and that he thought Paragraph 10 was a substantial reason why this happened. It's given a lot of confusion as to exactly who owes what to whom, in terms of notices, information, who pays for what. He thought we should use this occasion to try to make corrections to that, at a time when both the City Council and the Board were focused on these issues.

Director Ziady said while she wanted to work well with her neighbors to present a united front for funding and dealing with regulations at the State level, she was also elected by our ratepayers to balance their concerns about future rates. She thought a good well-written contract on either side allows us to go into the future and prevent problems that have happened in the past.

Director Horrick said in reading this paragraph, he thought it was a reasonable outline to further clarify what should be done under this Paragraph 10. He then spoke to the \$25,000.00 limitation in the contract that prevented us from micro-managing the City.

Director Orth said he'd been on the sewer committee and he commended Willits for getting the project through. It basically comes down to our responsibility to our ratepayers to make sure that we've gone through a process that's reasonable to come to charges that are reasonable to carry forward in our budget and rates. He thought the proposal would allow the City to manage its plant, and he hoped we moved forward on this and that it gets three votes from the City Council as amended, and move us forward into a new day that's more of a partnership, and he hoped they would find it reasonable.

President Skezas said he thought this was an extremely reasonable proposal. It avoids a lot of the past problems we've had with the City with this agreement, some of which are in litigation at this time. He did not believe we were trying to micromanage the City's sewer plant, and that we've been told that we're customers and he thought we were probably the major customer that pays the biggest share of the bills for the sewer plant — not the sewer system but the plant. We have a requirement to represent our ratepayers just as they did in Willits, and he thought they were unanimous that this was a way to avoid the problems of the past and move into the future. We've heard the City Manager say that that's what he wanted to do.

Paul Cayler said, for benefit of the video, that he was joined tonight by City Council members Holly Madrigal and Larry Stranske and City Attorney James Lance and Joanne Cavallari, City Finance Director. He asked about how the proposed language for revision of Paragraph 10 read. Mr. Neary said it was substantively identical to what he showed Jim earlier. Mr. Cayler asked if he could share that so the City delegation could understand what they were dealing with. President Skezas asked if he wanted it read aloud. Mr. Cayler said either that, or he could read it aloud himself so his delegation understands.

President Skezas read the proposed language:

9. Paragraph 10 of the Second Amendment is replaced by the following paragraph:

10. Prior to the City's authorization for any capital expenditure, or any operational expenditure in excess of \$25,000, City shall provide District with twenty (20) days written notice of the expenditure along with sufficient information available to the City for District to review the proposed expenditure. Upon receiving notice District may comment, consent, or object to the expenditure. In the event that District makes no objection within fifteen (15) days of receipt time the issue the District shall be deemed to have consented. In the event that the District objects, the City shall be entitled to proceed with the

expenditure, but the District's liability for contribution shall be deemed to be a live issue pending arbitration of the issue.

City shall provide a copy of its budget for the forthcoming fiscal year to the District at least twenty (20) days prior to its adoption which shall separately state any allocations for administration, or general overhead expenses to the District for its comment, consent, or objection. In the event that District makes no objection within fifteen (15) days the District shall be deemed to have consented. In the event that the District objects, the District's liability for contribution shall be deemed to be a live issue pending arbitration of the issue.

He said that was the original version and he thought there were a couple of minor modifications that did not substantially change the issues.

Mr. Cayler said, so what the Board was demanding of the City Council was that they agreed to amend the section of the current agreement that talks about how large capital expenditures are to be made and that unless this language was agreed to, our Board would not sign anything that agreed to terms of sharing the loan costs for the project, was that correct? Director Williams said, not exactly. Mr. Cayler said, so was this open for negotiation? This is not your last, best and final offer?

Director Williams said this was not the last, best and final offer. We were determined to do this but we are certainly willing to entertain any comeback, at least he was — and that the City might think either this language needed to be changed, or if it could be handled some different way. Mr. Cayler asked, what do you mean? We're currently involved in litigation on another matter, identify for me what you mean by some other way? Director Williams said for himself he meant that if the City Council decided it refused to do this, then come back and tell us; if the City wanted specific changes in this language, then come back and tell us, and we'll consider the City's position.

Mr. Cayler asked about Mr. Skezas' availability in the next couple of weeks. President Skezas said he would be back July 16, 2010. Director Williams then suggested we could deal with this by a quorum of four if we had to while the Board President was gone; and that he wouldn't like doing that but we could do that. Mr. Cayler closed by saying personally he was very disappointed.

Roll call vote on the motion was as follows:

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

George Skezas, President

ATTEST:

MICHAEL V. CHAPMAN