

Ponderosa Community Services District

Minutes of meeting

February 9, 2012

Present:

Directors: D. Doty, C. Marchant, B. Benton, Barbara Dolmovic, M. Moroney

Absent:

Staff: T. Griesbach, J. Robertson, M. Towfiq

Absent staff: D. Robertson

Staff volunteers: Jim Parminter (arrived 1:30 pm)

Guests: none

The meeting was called to order at 1:05 p.m. followed by the flag salute. The president noted there were no guests.

Comments from the Public

None

Minutes – from previous meeting were reviewed. It was moved, seconded and passed to accept the minutes of the January 12, 2012 meeting as written.

President Comments

Mr. Doty acknowledged the receipt of a letter from Mr. Witherow dated January 15, 2012 and received January 29, 2012. In this letter Mr. Witherow rebuts comments made by Mr. Doty "*no organization in Tulare, Kern, Fresno or King's counties that are subject to the Brown Act video record their meetings, ergo the PCSD will not either... including the Tulare County Board of Supervisors*" as untrue and asks the board to reconsider his offer of donating a video camera to record meetings and post to the website. Mr. Doty agrees that Mr. Witherow is correct, apologizes for his error and thanks Mr. Witherow for his correction. However, the board's previous decision after consultation with our attorney, to not video record meetings will stand. Mr. Doty thanks Mr. Witherow for his time and concerns.

Secretary Report

The secretary has discussed the matter of snow removal delinquencies with our attorney. We can definitely send a delinquency notice; however, unlike water we have no service to discontinue to those properties that remain delinquent. We can include a late payment penalty in order to recover costs to the district for pursuing collection of fees.

The board had inquired about the possibility of pursuing collection of delinquent snow removal fees through small claims court. We could do this and our attorney can help with the paper work, however, we cannot be represented by an attorney at small claims court. A director would have to represent the district. If a property owner did not show up in court to contest the claim, the district would win a judgment. If the judgment is not paid, we would get a lien against the property, but we may not collect that lien until the property sells. Once a property tax bill goes unpaid, there is an automatic tax lien imposed by the county and the district will collect unpaid service fees when either the delinquent tax bill is paid or the property is sold (at which time the delinquent tax bill would have to be paid). Filing in small claims court would only result in additional fees, additional staff and directors hours and not necessarily in the timely collection of delinquent fees.

Based on this information, the board determined to have the secretary create a snow removal delinquency notice with a \$50.00 per parcel penalty fee and not to pursue collection through small claims court. If a property remains delinquent on snow removal fees, a non-payment penalty will be added to the following year's snow removal fee assessment. The item was moved, seconded and passed.

Communication

Rec-

Letter from Witherow dated January 15, 2012 and received January 29, 2012, regarding second request for board to consider accepting the donation of a video camera to record meetings.

Hylton – annual engagement letter and contract for 2011-2012 audit.

FEMA survey letter

Email confirmation (1/20/12) that the State Financial Transaction Report and Compensation Report were received.

Reports

- Treasurer
Please see Financial Executive Monthly Summary (posted to website)

Treasurer reported that the county has misapplied payroll totals since the beginning of the current fiscal year. All salaries have been split 50/50 between snow and water instead of the water manager's salary being accounted only to water. Letters were sent to the county requesting correction of salary accounting and clarification of salary accounting. The corrections will be reflected in next month's financial summary.

One invoice was received for fire hydrant snow removal. All invoices previously approved for payment through 735 have been processed.

It was moved, seconded and passed to accept the treasurer's report as presented.

- Financial Coordinator
Mr. Hylton has increased his annual fee to \$5100.00. There was a brief discussion, it was moved, seconded and passed to contract Mr. Hylton to complete the State required annual audit for fiscal year 2011-2012 at the increased fee of \$5100.00.

Note – this is not a bill or contract for the forensic audit the board had previously requested.

- General Manager
Regarding application for FEMA extension – Mr. Griesbach reported that we have been assigned a new FEMA representative. He suggests that Mr. Griesbach write a new extension request letter with new photos and explanation of why extension is needed. We are asking for an extension until June 2012 to complete the debris removal. Representative said PCSD would have to follow FEMA requirements to chip debris in one place. The debris will have to be hauled to a central location.
GM will complete the FEMA survey and return. He will provide a copy for the FEMA file.

GM has been in contact with John Baker, should be receiving email with a list of what information is necessary to prepare and Emergency Plan.

- Water Manager (sent written report)

Routine water test came back clear

Jan usage	Last year	Gal. transferred from Holby	47,200
449,980 gal/month	unavailable	Gal from Fawn	311,300
14,515 gal/day	unavailable	Gal from Lake	91,480

Water leak at Summit - Made repair

Fill and compacted hole

Met with WC

Power line at Holby down - SCE up to reconnect power

- Water Coordinator

Received clarification questions from engineer Matt Ainley. The contractor selection committee will meet with Matt.

The new door installation is complete

Fawn and Lake well repairs are complete

The leak detection equipment will be stored at the Benton's house until it can be properly secured at the PCSD building

This is going to be a very low water year

- Snow Monitor/Snow Coordinator

There has been ½-inch new snow

No new snow removal invoices to present – other than the invoice for hydrant snow removal

- PPOA/PCSD Liaison

Nothing to report

- Committees

Nothing to report

Director Comments

BB – we seem to have a disgruntled former employee and private citizens that are costing the PCSD a lot of money in additional legal fees and staff hours.

We need volunteers to help clean up the fallen trees and the broken utility pole at Holby (this does not include FEMA work). Several citizens have pointed out that volunteer labor should be used to save PCSD funds. A notice will be prepared asking for volunteers.

Unfinished Business

Ongoing items

- New keys to PCSD building or combination locks, or? – B. Benton (waiting for new door installation) *COMPLETE*
- PCSD building maintenance
 1. Install new door *complete*
 2. Replace portions of fascia boards
 3. Paint building
 4. New roof—with additional roof over fire truck door
 5. Repair North & South ends of Holby bridge – *pending*

- Update water ordinance 99W
- Obtaining an easement from the Forest Service for access to Holby well site – B. Benton with attorney Julia Lew – *in process*
- Status on water system improvement project
 - Review and explanation of new RCAC loan.
The PCSD had an initial loan from RCAC to pay for the costs associated with the Preliminary Engineering Report.
As recorded in the January minutes, on October 14, 2011 the board passed a corporate resolution to borrow funds from RCAC. This was a new loan for “infrastructure predevelopment”. This second loan pays off any remaining balance of the first loan and provides funds to pay for costs related to the preliminary engineering design and other preconstruction costs. This loan is not additional indebtedness; it is part of the total project costs that will be covered by the USDA grant/loan package.

We have received the entire preliminary plan for improvements to the water system. The water committee will meet to review and make any additions, corrections and ask for clarifications in writing.

Matt Ainley says to stay on track for beginning construction June 1, 2012; the project needs to go out to bid by March 23, 2012. He needs 30-60 days to write bid specifications. Robert Nielson will need to approve Summit tank changes, it is critical to get Summit easement clarification Mr. Doty has spoken with Mrs. Schollhammer; Mr. Schollhammer has still not reviewed out letter. Mr. Doty attempted to communicate the urgency of the situation. Mrs. Schollhammer thanked the board for the drawings included with the letter; she said they helped clarify what the PCSD was proposing.

The secretary was directed to contact our attorney regarding the easement. Since we are not changing the size or use of the easement, simply replacing the existing tank with a larger tank, can we proceed without the owner’s express permission?

- Address questions and comments from members of the public
 - Review and determination about forensic audit.

Per the current PCSD treasurer, we are unable to provide all the documents requested by Mr. Hylton in order to complete the forensic audit. The treasurer has searched all office files, and director’s personal records. There are 9 monthly treasurer reports that are not available. They were not filed in the office by the previous treasurer, nor provided electronically on the flash drive. The secretary was not given hard copies or electronic copies to file either.

From the reports that are available, the minutes of previous meetings and the 740/735 actual cash balances, it appears that the inter-fund loan was only on paper in the previous treasurer’s (Michel Strickbine) reports.

In the July 2010 minutes the Treasurer’s report reads as follows,

M. Strickbine:

Cash balances as of 6/30/2010:

Water Operational Fund 2020 --- (14,236.83)

Water Capital Improvement Fund 735 --- 51,226.81

Snow Operational Fund 2010 --- 145,633.39

NOTE: Funds will be borrowed from 735 fund to balance the 2020 water operational fund.

(Excerpt from official minutes, emphasis added)

Ms. Strickbine made this statement and the board agreed, however, there is no resolution authorizing the transfer. The county would not have allowed an actual transfer without a resolution. Mr. Hylton would have questioned this transaction because it is not allowable and would probably be flagged by the State in the annual audit.

The treasurer reports from July forward reflect the 'paper' transaction with a decreased balance in 735 and a zero balance in 740/2020. However, when the current treasurer (Margaret Towfiq) called the County for cash balances when she was hired, the 735 actual cash balance was higher than what Ms. Strickbine had been reporting on paper – this fact verifies that there was no inter-fund loan from 735 (water capital improvement) to 740 (general fund).

As Mrs. Towfiq has explained the PCSD budget is a spending plan. The real numbers to be concerned about are the actual cash balances that the county says we have in the 740 (snow and water [and now FEMA] co-mingled) and 735. The designations 2000 (FEMA), 2010 (Snow) and 2020 (Water) are objects used to account for expenditures out of the 740 general fund. Other numbers the board needs to keep track of are the actual expenditures and how they compare to the amounts budgeted.

Ms. Strickbine has stated that the board agreed to borrow money out of the 735 capital improvement fund to 'balance' the negative balance in 2020 water. Because the county keeps all our annual water and snow removal revenues in one fund (740) - the county does not consider the individual objects 2010 or 2020 to be underfunded. The board has the responsibility to designate which funds are for snow and which are for water and attempt to insure snow funds are not misused to pay for water. Fund 735 only receives revenue from the facility development fees charged to new water connections and that fund has been designated only for water capital improvements.

The secretary reminds the board and public again, that NO money can be transferred out of the 735 fund without a board resolution - from the few records received from previous secretary, Margaret Jewett – there is no record this board passed such a resolution. Therefore, this particular 'inter-fund' loan cannot exist. Dennis Hylton agreed with Margaret Towfiq about this when she asked him, no money has been transferred from 735 (capital improvement) to the 740 general fund as Ms. Strickbine claims.

What does happen each year, per Hylton, is a journal entry transferring money from 740 'reserves' to zero out the negative balance in 2020 water operations. This is done using 2010 snow money (not fund 735) to balance 2020 water but it is a paper transaction only - no actual money transfers from one fund to another because the county already mingles snow and water revenues in the 740 general fund.

Ms. Strickbine contends that the board makes financial decisions without a full understanding the state of PCSD finances. While it may be agreed that the board made faulty decisions in the past; those decisions were based, in part, on incorrect information. The board should never have agreed, even on paper, to transfer capital improvement money to balance operation costs, but it is the responsibility of the PCSD employees to provide correct information to the board. It is the board's job to govern the matters of the district; it is the employees' job to manage the day-to-day operations of the district.

Ms. Strickbine is concerned that money 'magically' appeared in the 735 fund without an explanation about where it came from. The explanation is...it was never taken out in the first place. Ms. Strickbine created incorrect balances in her monthly reports. Ms. Strickbine has admonished the board to keep track of and repay the inter-fund loan, again there is nothing to track or repay, because the money was not taken out of 735 and deposited to 740.

Based on the information provided, the board moved to suspend the forensic audit and ask Mr. Hylton to provide a written statement instead. The motion was seconded and passed. Mr. Hylton will be asked to confirm the account funds of the district, verify that the inter-fund loan did not occur and verify that the current accounting practices are correct and sufficient to provide fiscal oversight by the board.

New Business

Website publicity – Ms. Marchaunt has asked if there is any way to know how many people have accessed the PCSD website. The secretary has been unable to find any type of access counter that other websites have showing the number of visitors to the site. Ms. Marchaunt feels that perhaps not enough people realize that the website is now available and suggests some type of publicity campaign.

It was suggested that the website address be provided through the PPOA newsletter or that the PCSD could send out a letter. After a brief discussion, it was decided to create a postcard with the PCSD website address www.ponderosacsd.com to be mailed to all property owners. It was moved, seconded and passed to create the postcard.

The date for the next regular Board meeting will be **Thursday March 8, 2012 at 1:00 p.m.** in the District Building.

The meeting adjourned at 3:05 pm

Respectfully submitted,
Jennifer Robertson – board secretary