

**MINUTES
GREENSTONE COUNTRY COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS REGULAR MEETING**

Time & Date: March 21st, 2019 at 4:30PM

Place: 3451 Stagecoach Rd. Placerville.

1. CALL TO ORDER/ROLL CALL

- Rod Rozman called the meeting to order at 4:30PM
- Present: Rod Rozman, Dan Schmidt, Bob Vance, Greg Smith, Terry Schutten, CSD GM Shelly Greene

2. APPROVAL OF AGENDA

- Rod Rozman proposed moving item 5-iii under old business to 5-i.
- Terry Schutten motioned to approve the agenda with the proposed change, second by Greg Smith. Motion carried.

Rod Rozman – Yes

Dan Schmidt – Yes

Bob Vance – Yes

Terry Schutten – Yes

Greg Smith – Yes

3. APPROVAL OF BOARD MINUTES

- Dan Schmidt motioned to accept the minutes of the January 9th, 2019 regular meeting. Second by Terry Schutten. Motion carried

Rod Rozman – Yes

Dan Schmidt – Yes

Bob Vance – Yes

Terry Schutten – Yes

Greg Smith – Yes

4. CSD GEOLOGIST REPORT - Absent

5. GREENSTONE COUNTRY CSD

- Old Business
 - i. Proposed CSD Assessment Increase (Bob Vance, Rod Rozman)
 1. Bob Vance presented Resolution 81-6 Measures A & B: Imposition of Special Taxes and Indexing Maximum Tax Rates on Land and Improvements to Consumer Price Index, respectively. Both measures were passed by a two-thirds vote on October 20, 1981. (See attached)

Measure A allows the CSD to collect \$300 for every lot and an additional \$150 for improved lots.

Rod Rozman asked for clarification of the language in Measure A that states \$150 on improved lots, per improvement. What does per improvement mean and how many improvements can you have?

Bob said he would ask the attorney for clarification.

Continuing, Measure B allows for increasing the tax collected (currently \$100/per improved lot and \$50 per unimproved lot) by the CPI from 1967. That has never been done.

Bob said another question for the attorney is if the County should have automatically been calculating and collecting the CPI Indexed amount.

Bob then discussed future costs, such as, fire prevention and geologist expenses (see attached slide). Another question for the attorney is if the CSD can pay for improvements to things like the Barn, for example, if the CSD doesn't own it.

Resident Richard Reid commented that it's not a question of if the CSD can or can't, it's if the HOA wants it. The HOA has the right to say no.

Resident Jeff Young asked if the HOA has presented the CSD with what it's cash needs are to improve and protect its assets going forward. Rod Rozman responded no. Jeff continued that the HOA needs to look specifically at the needs of the community and present that to the CSD for consideration.

Bob concluded by presenting a time line and list of questions for the attorney (see attached).

Terry Schutten felt that a capital improvement plan should be included as part of the timeline. Bob will make the addition.

2. Rod Rozman discussed the letter he prepared outlining his points related to the Special tax (see attached).

Greg Smith asked how the CSD would increase the annual funding to the HOA as proposed in the letter.

Rod would be OK with a yearly COLA increase (3%?) in the CSD taxes to offset inflation from this point forward. If this were to happen, Rod's opinion was that this annual tax increase could be passed on to the HOA.

Dan Schmidt reminded everyone that there is a limited amount of funds in reserves. One more culvert repair could put the CSD at its reserve limit and would prohibit further financial assistance. Dan continued that increasing taxes should only be considered if there is an identified need and it appears that the HOA study will demonstrate a significant need.

Members of the audience discussed the amount of HOA funding spent on the roads, which causes other infrastructure items to be deferred.

Greg Smith commented the CSD needs to see what needs to be done with the culverts.

Fred Rouse responded how much help the HOA needs given their flexibility on dues increases and how much road maintenance is going to cost will determine how much the CSD may be able to help with the culverts. He continued that the most critical culvert needing repair right now is picnic lake, which cannot be worked on until the fall.

Bob Vance assured the HOA that the \$61K allocated for culvert repair under FY 18/19 will not be rescinded. The funds will be carried over to the new budget year.

Dan Schmidt commented that the reason the CSD is exploring a tax increase is because we are not getting raises. It's a two-year process for a tax increase so the funding would not be available immediately.

Rod Rozman proposed continued conversations with the HOA.

Terry Schutten motioned to invite the HOA to a joint meeting to talk about the potential of increased needs within the community. Bob Vance requested the meeting be scheduled after the meeting with the CSD attorney. Second by Greg Smith. Motion carried.

Rod Rozman – Yes

Dan Schmidt – Yes

Bob Vance – Yes

Terry Schutten – Yes

Greg Smith – Yes

Terry Schutten will follow up with the HOA President.

- ii. Reserve Policy Resolution
 - 1. Signed by President Rod Rozman
- iii. Draft letter to HOA (Terry Schutten)
 - 1. Rod Rozman will send his comments and edits to Shelly. Rod asked that the letter contain all of the board members as signatories.
- iv. Septic Policy (Greg Smith)
 - 1. Greg Smith recommended the CSD have Geologist George Wheeldon draft a procedure on how the inspections are carried out and how the tanks are evaluated. Shelly will coordinate with George and review final product.
Greg will provide a checklist of items to be addressed.
 - 2. Greg also asked Shelly to draft something on the voucher program to be included in the Septic Policy, as well as, edit the inspection door hanger to include language stating that there is no guarantee or warranty and the homeowner is responsible for maintenance and repairs.
- v. Sheriff Contract Services
 - 1. The Sheriff's Dept. charges \$92/hour for contract services. No further action.
- vi. Investment Pooling with County
 - 1. The CSD is already included in the County's investment pooling.
- New Business
 - i. Legal Services Agreement
 - Rod Rozman reviewed the agreement and suggested the CSD use the firm on a trial basis.
 - Bob Vance motioned to accept the Legal Services Agreement for the Jarvis law firm. Second by Dan Schmidt. Motion carried

Rod Rozman – Yes

Dan Schmidt – Yes
Bob Vance – Yes
Terry Schutten – Yes
Greg Smith – Yes

ii. Building Maintenance

- Shelly recommended the trim on building be painted. Shelly will get quotes

6. GREENSTONE COUNTRY HOA - None

7. DIRECTORS COMMENTS - None

8. MANAGERS REPORT

- Septic Report – Tabled to next meeting for response from Geologist
- Budget Update – Bob reported that the reserves are \$437,492, which is higher than initially thought and revenues are coming in higher.
- CSD Website – Shelly gave a brief demonstration of the CSD website and recommended adding a mission statement. Shelly will draft something.
 - i. Rod Rozman motioned to authorize publishing the website, second by Bob Vance. Motion carried

Rod Rozman – Yes
Dan Schmidt – Yes
Bob Vance – Yes
Terry Schutten – Yes
Greg Smith – Yes

- ii. Terry Schutten motion to post the approved minutes to the website. Second by Greg Smith. Motion carried.

Rod Rozman – Yes
Dan Schmidt – Yes
Bob Vance – Yes
Terry Schutten – Yes
Greg Smith – Yes

9. OPEN FORUM - None

10. NEXT REGULAR MEETING

July, 10th, 2019 at 4:30 PM

11. ADJOURN

ATTACHMENTS

ANTICIPATED FUTURE COSTS TO CSD

- Increased District Engineer cost if current contractor G Wheldon retires or doesn't bid. Current Engineering 29,700 (\$90 x 330 parcels) new estimated cost \$49,500 (\$150 x 330)
- Increased security
- Drainage/Culverts
- Recreation/Lakes/Arena/Barn/Trails
- Additional LAFCO active powers such as wildfire protection,

PROJECTED TIMELINE ON ASSESSMENT STUDY

MARCH 2019 GATHER DOCUMENTS FOR BOARD INFORMATION

MARCH 2019 PROVIDE DOCUMENTS FROM CSD TO LEGAL REPRESENTATIVE FOR WRITTEN OPINION AND PROCEDURES

APRIL 2019 RECEIVE OPINION FROM LEGAL

APRIL 2019 DRAFT RESOLUTION FOR BOARD WITH SUGGEST ASSESSMENT INCREASE POLICY (SPECIAL MEETING)

APRIL 2019 DRAFT INFORMATIONAL BROCHURE TO DISTRICT VOTERS EXPLAINING ASSESSMENT INCREASE, INVITING TO OPEN HEARING ON MATTER (SPECIAL MEETING)

MAY 2019 HOLD SPECIAL MEETING ON RESOLUTION
(NOTE: IF MOTION PASSED HAVE SPECIAL COMMENT PERIOD 30 DAYS)

MAY/JUNE 2019 HOLD SPECIAL/REGULAR MEETING ON SUBJECT, ALLOW 30 DAY WRITTEN/ORAL RESPONSE?

JUNE 2019 COMMENT PERIOD CONCLUSION RESOLUTION MOTION APPROVAL/DISAPPROVAL.

CPI INDEX (BLS)							
					\$50.00	\$100.00	
1967	3.1	1992	3.0				
1968	4.2	1993	3.0	1967	\$50.00	\$100.00	CPI AVG 4.1
1969	5.5	1994	2.6	2018	\$375.20	\$750.40	
1970	5.7	1995	2.8				
1971	4.4	1996	3.0				
1972	3.2	1997	2.3				
1973	6.2	1998	1.6		\$50.00	\$100.00	
1974	11.0	1999	2.2	1982	\$50.00	\$100.00	CPI AVG 3.2
1975	9.1	2000	3.4	2018	\$128.76	\$257.52	
1976	5.8	2001	2.8				
1977	6.5	2002	1.6				
1978	7.6	2003	2.3				
1979	11.3	2004	2.7				
1980	13.5	2005	3.4				
1981	10.3	2006	3.2				
1982	6.2	2007	2.8				
1983	3.2	2008	3.8				
1984	4.3	2009	-0.4				
1985	3.6	2010	1.6				
1986	1.9	2011	3.2				
1987	3.6	2012	2.1				
1988	4.1	2013	1.5				
1989	4.8	2014	1.6				
1990	5.4	2015	0.1				
1991	4.2	2016	1.3				
1992	3.0	2017	2.1				
		2018	2.4				
AVERAGE	5.8		2.3				
AVERAGE	4.0		2.3				
AVERAGE 1967 to 2018			4.1				
AVERAGE 1982 to 2018			3.2				

DRAFT LAWYER QUESTIONS

Assessments Increase MEASURE A

MEASURE A and B was approved by district voters in 1982 (See attached document)

The Greenstone Country Community District (GCCSD) Board of Directors approved by Resolution in 1983, an assessment of \$100 for improved parcel and \$50 unimproved parcel which is current rate since 1983 based on Measure A and Measure B.

- *Does the current Board of Directors have the authorization to increase assessments based on Measure A and Measure B approved by voters in 1982 without another vote of district members?*
- *If yes, then to confirm a vote of the district voters to increase assessments is not required unless it exceeds that authorized in Measure A and B?*
- *If no, then a vote is required to increase assessments?*
- *Measure A has been interpreted that the district voter's approved \$300 per parcel and an additional \$150 per improved parcel, for a total of \$450. Is this interpretation correct? (See attached Resolution)*
- *Is the \$150 "improved" mean any "Real" improvement? In other words, residence built?*
- *Are the funds approved for any LAFCO approved active power (i.e. Wastewater management, Security, Recreation, and drainage culverts), or any other projected LAFCO approved powers as defined in GOV Code 61100?*
- *If the GCCSD Board is authorized to increase assessments, it can be done by board Resolution?*
- *Are there any legally required Board steps that need to be completed prior to voting on the Resolution, such as public comment period?*

MEASURE B

Inflation Rate Increase was approved by district voters in 1982 (See attached document)

Measure B was approved by the voters allowing for automatic increases in annual assessments based on the 1967 Consumers Price Index.

- *Measure B, approved in 1982 for the annual assessments based on 1967 CPI, was never implemented. Does it take a resolution by the board to implement this or should it have been done automatically since the district voters approved this in 1982?*

From: [Rod Rozman](#)
To: [Bob Vance](#); greg-lee@live.com; schmty@aol.com; [Terry Schutten \(tschutten@counties.org\)](mailto:Terry.Schutten@counties.org)
Cc: [GreenstoneCSD](#)
Subject: Greenstone CSD: Please pre-read before 3/21 meeting
Date: Monday, March 18, 2019 11:37:24 AM

To: CSD Board members
From: Rod Rozman
Date: 3/18/1019

Please read this before our next meeting (Thursday, Mar 21) where we will discuss it. Copies will be available during the meeting for anyone who would like one. I want to make sure that everyone understands my thoughts on raising CSD taxes.

During the 6 years that I have been on the CSD board I'm proud of the good things that we've done for the District and the community. We have continued to give ~\$110k/yr to the HOA to help pay for many of the needs in the community. We replaced the building's HVAC system saving ~50% in energy costs, created a much needed CSD Manager's Handbook, and updated our computer system and office with Wi-Fi and a large conference room monitor. In the past couple of years we helped the community with the Stagecoach bridge emergency repairs (\$50k), paid for arena repairs (\$20k), and paid for culvert repairs (\$61k). Except for the \$110k/yr to the HOA, these large dollar items came out of our Reserves, but yet we continue to hold our reserves at a healthy ~\$370k+. We hired a competent and professional manager. We'll soon have a professional and ADA compliant website. We are working towards a fully electronic office. Future boards won't need to sift through piles of paper printouts to search on a topic, saving \$ in 'rediscovery' time and lawyer fees. We are creating much needed policies (Reserve, Septic, Purchasing). Everyone on this board should be proud of what we've done for the community. And the best part is that we didn't need to raise \$1 in extra taxes from residents to do any of this. I wish all government agencies would be that efficient. Thank you.

Raising taxes on residents in the District should not be taken lightly. These are our friends and neighbors, not just faceless constituents in the District. In my opinion, a valid reason for raising taxes is only when a new *critical* need arises that can't presently be funded. Not for "nice to have" things. Residents understand this. For example, when the HOA levied a special assessment for the Stagecoach bridge replacement. Another example would be if the CSD's income could no longer support wastewater costs (George Wheeldon's fees). But I'm not hearing a defined critical need being targeted by the proposed new CSD taxes. I'm hearing a small list of 'nice to have' ideas for using new taxes. I'm all for helping the community, but raising taxes for non-critical items doesn't sound like 'helping the community' to me. If a person were running for a political office with the platform of "we haven't raised taxes for many years, so I propose to raise new taxes" I doubt they'd be elected.

Greenstone residents have endured enough increased costs in just the past year with a \$3k Special Assessment and a 10% (\$168/yr) increase in the HOA Regular Assessment. With the

latest road engineering study there has been talk at recent HOA board meetings that more assessment increases may be necessary for additional road repairs and maintenance. Also, due to recent CA fires it's likely that we'll see greatly increased fire insurance premiums, along with higher PG&E rates to cover their bankruptcy. I don't think it is responsible for the CSD to add more taxes to the resident's tax pile for new, 'non critical' services. We need to understand the difference between 'must have' and 'nice to have' services provided by the CSD.

A proposed 20% increase in the HOA assessments to increase their reserves was discussed at many HOA meetings in 2018, and the majority of residents voiced their dissatisfaction during meetings. I went to all of these meetings. People were very unhappy and angry in the meetings about a 20% increase. It was likely the catalyst for many HOA board members resigning. After much discussion they ended up raising the assessments by 10%. Increasing CSD taxes from \$100 to \$300 yearly is the equivalent of increasing the HOA assessment by 12%. How happy do we think the residents would be by 'helping' them with the equivalent to *another* 12% HOA assessment increase after all the increases they've seen over the past year? Increases in the HOA assessment or CSD taxes come from the same source, the residents. Keep in mind the many complaints over the years about the CSD 'hoarding money in their reserves'. If the increased CSD taxes are intended to pad the reserves further (presently at ~\$370k) for possible future needs, this won't be popular in the community.

Let's not forget what the primary purpose/charter of the CSD is, and what the CSD's role is in the community. From our website (thanks Shelly): "The Greenstone Country Community Services District (CSD) is a public entity formed in 1981 at the request of the State Water Quality Control Board to oversee and regulate onsite wastewater disposal system design, installation and operation at Greenstone Country. Its purpose is to minimize the potential for costly repairs and promote long-term safe and sanitary wastewater disposal." This has been the primary focus for CSD boards from 1981 to the present. The HOA is the governing body in the District, not the CSD. The HOA is responsible for all services in the development, excluding wastewater services that the CSD is responsible for.

The CSD presently collects \$100 yearly per parcel which basically covers all residential septic system inspections (George Wheeldon's fees). A side benefit of a Special District is that roughly 10% of all property taxes paid in the district is returned to the district. These 'excess funds' (amounting to ~\$110k/yr) are given to the HOA for services that they are responsible which are unrelated to wastewater costs. LAFO allows what these excess funds can be used for, but this doesn't change the fact that the primary purpose of the CSD continues to be wastewater services.

From 1981 until now, the CSD board has followed the above formula well. When extra money allows, the CSD funds services in the district unrelated to wastewater (LAFCO allowed services). This money has been well used in the community.

There are a few of situations where I'd be in favor of a tax increase: if a critical need related to the CSD's main charter arises in the District that can't be covered by existing income (such as increased septic inspection fees), then I'd be in favor of a tax increase. Or if our reserves

were to drop below the agreed upon \$200k limit (we are at ~\$370 now). Another tax increase that I'd be in favor of would be a yearly a cost of living (2-3%) increase from this point forward.

I'd also be in favor of raising the yearly amount that the CSD gives to the HOA by a cost of living increase each year (presently ~\$110k/year). For example, next year we could give ~\$113k, etc. Increasing *both* the CSD taxes and the HOA yearly contribution by a COLA seems reasonable to me.

In summary,

- We've spent our taxpayer's \$ wisely in the past 6yrs that I've been on the board. We should be proud of that. There is no reason we can't continue doing this without raising an extra \$1 in taxes.
- Raising taxes should not be taken lightly. Increased HOA assessments have hit Greenstone residents hard in the past year, with more likely on the way. Let's not add to that problem by 'helping' with another tax increase.
- Let's not lose sight on what the CSD's role is in the community: the primary purpose for the CSD is for wastewater services. All other services are secondary and are administered by the HOA.
- Any increased CSD tax should be for a well thought through critical need related to the CSD's main charter.
- I'd be in favor of a small CSD tax increase, but only in a couple limited situations noted above.
- I'd also be in favor of raising the yearly amount that the CSD gives to the HOA by a cost of living increase each year.

Thanks,

Rod Rozman

CSD Board President