

**DIABLO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING
DRAFT MINUTES
DIABLO ROOM, DIABLO COUNTRY CLUB
TUESDAY, MAY 14, 7:30 p.m.**

CALL TO ORDER: President Ray Brant called the meeting to order at 7:40 p.m.
ROLL CALL: Secretary Jeff Eorio called the roll as follows:

Directors present: Brant, Urbelis, Becker, Eorio,
Directors absent: Isom

COMMENTS FROM THE AUDIENCE: None

ACTION ITEMS:

- a) Approve minutes of April 8, 2019 Special Meeting, Motion by Director Urbelis, Second by Director Eorio, approved 4-0.
- b) Approve minutes of April 9, 2019 Regular Meeting, Motion by Director Urbelis, Second by Director Eorio, approved 4-0.
- c) Continued appointment of an ad hoc subcommittee of Directors Urbelis and Eorio to negotiate the terms of the contract for General Manager if a candidate is selected. Motion by Director Urbelis, Second by Director Eorio, approved 4-0.

REPORTS:

DIABLO COUNTRY CLUB:
No report.

CONTRA COSTA COUNTY:
Alicia Nuchols was not present. Director Brant discussed the County recommendations for traffic improvements at Mt. Diablo Scenic Blvd and Diablo Road and would like to have a presentation on this item at a future meeting.

DIABLO PROPERTY OWNERS REPORT:
Dana Pingatore reported on the successful Historic Tour/Walk led by David Mackesey and they hope to do another in the fall.

SECURITY:
Deputy Sheriff Dan Buergi presented the April report and stated that it was a fairly quiet month with the exception of a stolen wheelbarrow. He also discussed the issue of increase incidents just in the last few days of road rage directed at bicyclists within Diablo and on Diablo Road. Two incidents of vehicles intimidating/threatening cyclists and one incident of golf balls being thrown at a cyclist on Calle Arroyo. The Sheriff's Department will be taking a hard stance on road rage and other types of incidents.

ROADS:
Director Brant reported that MCE will re-seal the crack that has developed on Casa Nuestra as soon as the weather allows. Alice White, Casa Nuestra resident, reported that the crack was caused by contractors many years back who installed new utilities underground many years back. Director Brant assured her that the crack would be re-sealed.

FINANCIAL:

Monthly Financial Report: Director Urbelis reported on behalf of Director Isom. She reported that the current budget expenses are approximately \$130,000 over budget due to legal fees within the FY 2018-19 budget. Cash reserves are approximately \$480,000 and that for future agendas, monthly financial reports will be posted with the agendas.

Anne Coleman, resident, inquired about the total legal fees for the lawsuit, Director Urbelis responded that she would have to get back on that as she did not have the information with her tonight.

Marsh Freeman asked about the status of the litigation, Counsel Crowl responded that the District had not taken any reportable action at the previous closed session.

Director Urbelis reported that the District is anticipating spending an additional \$68,000 for legal fees in the current fiscal year.

Draft FY 2019-20 Budget: Director Urbelis reported that for the preparation of the budget, several assumptions were made including a 3% increase in revenues (ad valorem and special taxes); a 5% increase in Sheriff's contract; and a schedule for grinding and paving of all remaining roads except Club House Rd, Campo Pelota, El Nido Ct., and upper Alameda Diablo. The budget assumes the Tiernan litigation will settle in early FY20, thus an additional \$30,000 expense was added to legal fees. The cash balance at end of FY20 is estimated at \$265,000 with a goal to return to the Board's desired cash balance of \$500,000 by the end of FY24.

Director Urbelis indicated that Director Isom and she were planning to add a Board discussion regarding the District's overall security plan to a meeting agenda in early FY20. Given that the security budget is \$360,000 next year, they would like the Board to do an evaluation of what security is today, look at what neighboring communities are doing and what new technologies might be useful to Diablo.

Director Eorio questioned the budget line item about "gardener," a \$100 per month line item, as he was unclear what landscaping the District is maintaining. Dana Pingatore from the DPOA said that there was an agreement with the District several years ago about the "island" on Alameda Diablo where the carved squirrel is located. Director Brant commented that the District would work toward removing this expense in the near future. Its primary purpose is to ensure that the roads surrounding the island are kept clear of vegetation.

7 Year Budget assumptions: Director Urbelis pointed out that budget assumptions for the 7-year projections which again set a 3% increase in revenues annually and a 5% increase per year for the Sheriff's contract. She also reviewed the various road projects for the 7-year period. Director Brant discussed the issue of our bridges and that there will be major funding issues for bridges and culverts in these years. The budget anticipates \$45,000 will be spent on bridge repairs in FY21.

ACTION ITEM:

Authorized of Director Isom to execute a contract with Varinek, Trine, Day and Co., to conduct the audit of the District for FY 2018-19. Moved by Director Urbelis, Second by Director Eorio, approved 4-0.

CALL OF NEXT MEETING /ADJOURNMENT:

The President called the next meeting of the District will be a special meeting to be held Monday, May 20, 2019 at 5:00 pm. There being no further business, the President adjourned the meeting at 8:05 pm.

Diablo Community Services District by
Jeff Eorio, Secretary

Diablo Community Services District
Profit and Loss Statement
10 months ended April 30, 2019

	July	August	September	October	November	December	January	February	March	April	Year to Date	Budget YTD	Prior YTD
Income													
Ad Valorem Taxes	-	-	-	-	11,747	246,568	-	-	-	176,673	434,988	427,999	413,687
Road & Security Fees	-	-	-	-	-	-	-	-	-	-	-	-	232,237
Meas B Special Tax	-	-	-	-	-	155,050	-	-	-	114,364	269,414	268,508	-
Traffic Fines	29	-	16	151	625	155	187	181	929	485	2,759	1,000	1,270
Interest Income	6	4	2	1	-	-	-	-	-	1	15	50	43
Total Income	35	4	18	152	12,372	401,773	187	181	929	291,523	707,176	697,557	647,237
Expenses													
Sheriff Security	32,000	32,000	20,500	23,292	24,829	26,468	27,518	22,318	14,026	27,710	250,661	330,920	314,298
Other	-	-	-	1,191	-	-	-	-	-	-	1,191	-	-
Road Maintenance	-	5,000	-	-	-	-	-	-	3,780	165	8,945	15,000	9,004
Bridge Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	1,980
Storm Patrol & Emerg Resp	-	-	-	-	-	-	-	4,197	-	3,231	7,428	5,000	1,766
Gardener	100	100	100	100	100	100	100	100	100	100	1,000	1,000	1,000
Trail and Island Maintenance	-	-	-	-	-	-	-	-	-	-	-	5,000	-
General Manager	2,500	2,500	2,500	2,500	2,500	2,500	-	1,350	2,475	2,025	20,850	25,000	19,750
Legal	-	60,863	16,299	15,610	17,770	20,177	11,186	20,845	12,669	21,513	196,932	62,000	72,578
Audit	-	-	-	6,600	-	3,300	-	-	-	-	9,900	9,500	9,250
Other Professional	55	55	469	2,001	55	55	251	55	55	55	3,105	3,800	11,732
County/State Notices & Fees	-	50	-	-	-	-	39	703	-	40	832	-	162
Insurance-Cmm1 and D&O	-	-	-	7,154	-	9,084	-	-	-	-	16,238	20,900	20,591
Administrative	765	14	12	306	109	-	-	175	-	247	1,628	1,000	1,237
Depreciation Expense	755	755	755	755	755	755	755	755	755	755	7,553	7,550	7,553
Miscellaneous	-	-	-	435	91	36	2,508	-	-	-	3,070	2,950	3,851
Total Expenses	36,175	101,337	40,635	59,944	46,209	62,475	42,357	50,498	33,860	55,841	529,333	489,620	474,752
Net Income	(36,140)	(101,333)	(40,617)	(59,792)	(33,837)	339,298	(42,170)	(50,317)	(32,931)	235,682	177,843	207,937	172,485

Diablo Community Services District
Balance Sheet
April 30, 2019

	July	August	September	October	November	December	January	February	March	April
ASSETS										
Current Assets										
Checking Acct	19,053	50,626	21,694	11,626	37,633	363,053	337,443	245,565	199,730	186,948
Money Market	200,794	100,798	100,800	25,801	5,000	5,000	5,000	5,000	5,000	296,038
Accounts Receivable	2,200	2,200	2,200	2,200	2,200	-	-	-	-	-
Prepaid Expenses	11,358	11,303	11,248	11,193	11,138	11,083	11,028	10,973	10,919	10,864
Total Current Assets	233,405	164,927	135,942	50,820	55,971	379,136	353,471	261,538	215,649	493,850
Property and Equipment										
Computer Equip	5,917	5,917	5,917	5,917	5,917	5,917	5,917	4,737	4,737	4,737
Automobile	42,817	42,817	42,817	42,817	42,817	42,817	42,817	42,817	42,817	42,817
Other Fixed Assets	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Accumulated Depreciation	(22,319)	(23,075)	(23,830)	(24,585)	(25,340)	(26,096)	(26,851)	(26,427)	(27,182)	(27,937)
Total Property and Equipment	28,915	28,159	27,404	26,649	25,894	25,138	24,383	23,627	22,872	22,117
Other Assets										
Cruiser Replacement Fund	36,833	37,833	38,833	39,833	40,833	41,833	42,833	43,833	44,833	45,833
Bridge Repair Reserve	305,000	310,000	315,000	320,000	325,000	330,000	335,000	340,000	345,000	350,000
Culvert Repair Reserve	-	-	-	-	-	30,500	30,500	30,500	30,500	30,500
Total Other Assets	341,833	347,833	353,833	359,833	365,833	402,333	408,333	414,333	420,333	426,333
Total Assets	604,153	540,919	517,179	437,302	447,698	806,607	786,187	699,498	658,854	942,300
LIABILITIES AND CAPITAL										
Current Liabilities										
Accounts Payable	32,100	64,200	75,076	48,991	87,224	70,335	86,086	43,715	30,000	71,763
Total Current Liabilities	32,100	64,200	75,076	48,991	87,224	70,335	86,086	43,715	30,000	71,763
Long-Term Liabilities										
Other Liabilities	341,833	347,833	353,833	359,833	365,833	402,333	408,333	414,333	420,333	426,333
Total Long-Term Liabilities	341,833	347,833	353,833	359,833	365,833	402,333	408,333	414,333	420,333	426,333
Total Liabilities	373,933	412,033	428,909	408,824	453,057	472,668	494,419	458,048	450,333	498,096
Capital										
Opening Balance Equity	1,239,979	1,239,979	1,239,979	1,239,979	1,239,979	1,239,979	1,239,979	1,239,979	1,239,979	1,239,979
Retained Earnings	(973,620)	(973,620)	(973,620)	(973,620)	(973,620)	(973,620)	(973,620)	(973,620)	(973,620)	(973,620)
Net Income	(36,140)	(137,474)	(178,089)	(237,882)	(271,718)	67,579	25,409	(24,908)	(57,839)	177,843
Total Capital	230,219	128,885	88,270	28,477	(5,359)	333,938	291,768	241,451	208,520	444,202
Total Liabilities & Capital	604,152	540,918	517,179	437,301	447,698	806,606	786,187	699,499	658,853	942,298

Diablo Community Services District
Cash Flow Statement
10 months ended April 30, 2019

	July	August	September	October	November	December	January	February	March	April	YTD
Cash Flows from operating activities											
Net Income	(36,140)	(101,333)	(40,616)	(59,792)	(33,837)	339,298	(42,171)	(50,317)	(32,930)	235,682	177,844
Adjustments to reconcile net income to net cash provided by operations											
Accumulated Depreciation	755	755	755	755	755	755	755	755	755	755	7,553
Accounts Receivable	-	-	-	-	-	2,200	-	-	-	-	2,200
Prepaid Expenses	55	55	55	55	55	55	55	55	55	55	549
Accounts Payable	32,100	32,100	10,876	(26,085)	38,233	(16,889)	15,751	(42,371)	(13,715)	41,763	71,763
Accrued Expenses	(90,027)	-	-	-	-	-	-	-	-	-	(90,027)
Total Adjustments	(57,117)	32,910	11,686	(25,275)	39,043	(13,879)	16,561	(41,561)	(12,905)	42,574	(7,962)
Net Cash provided by Operations	(93,257)	(68,423)	(28,930)	(85,067)	5,206	325,420	(25,610)	(91,878)	(45,835)	278,256	169,882
Cash Flows from investing activities											
Used For											
Cruiser Replacement Fund	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(10,000)
Bridge Repair Reserve	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(50,000)
Culvert Repair Reserve	-	-	-	-	-	(30,500)	-	-	-	-	(30,500)
Other Assets	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(36,500)	(6,000)	(6,000)	(6,000)	(6,000)	(90,500)
Cash Flows from financing activities											
Proceeds From											
Other Liabilities	6,000	6,000	6,000	6,000	6,000	36,500	6,000	6,000	6,000	6,000	90,500
Used For											
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-
Net cash used in financing	6,000	6,000	6,000	6,000	6,000	36,500	6,000	6,000	6,000	6,000	90,500
Net increase <decrease> in cash	(93,257)	(68,423)	(28,930)	(85,067)	5,206	325,420	(25,610)	(91,878)	(45,835)	278,256	169,882
Summary											
Cash Balance at End of Period	219,847	151,424	122,494	37,427	42,633	368,053	342,443	250,565	204,730	482,986	482,986
Cash Balance at Beg of Period	(313,104)	(219,847)	(151,424)	(122,494)	(37,427)	(42,633)	(368,053)	(342,443)	(250,565)	(204,730)	(313,104)
Net Increase <Decrease> in Cash	(93,257)	(68,423)	(28,930)	(85,067)	5,206	325,420	(25,610)	(91,877)	(45,835)	278,256	169,882

Diablo Community Services District
Budget Assumptions
FY 2019-20

Current Year Budget Assumptions

Revenue	3% increase in Ad Valorem and Special Taxes.
Security	5% increase in sheriff expense and reduce coverage from 7 days to 6 days. 1 full time deputy 50 hours a week (Tuesday thru Sat 6am - 4 pm). Same as FY 2019 Part-time/ Overtime pay for 8 days of work a month. Coverage to fluctuate as determined by Security Commissioner Replace cruiser in Spring 2022. Current cruiser purchased in Spring 2016
Roads & Bridges	Grind and pave in May 2020 all remaining streets except Club House Rd, Campo Pelota, El Nido Ct and Alameda Diablo. Gardener, Storm patrol, trails, road maint and island expenses consistent with current year
Professional	Budget figures consistent with 2019 actual expense. Assume Tiernan litigation settled in early part of FY 2020. Included \$30k legal expense .
Administration	Budget figures consistent with 2019 actual expense
Cash	Cash balance at the end of fiscal year 2020 will be aprox \$265,000. The District's goal is to maintain a cash balance of at least \$500K, which we will reach by the end of FY 2024.
May & June 2019 expense estimates. impacts 2020 cash	Revenue 38k, Sheriff exp 60k, Legal exp 68k, Road maint exp 2.7k, GM exp 5k, Other exp 3k

7 Year Budget Assumptions

Revenue	Assume 3% annual increase in Ad Valorem and Special Taxes.
Security	We assume that Security costs increase annually 5%. We pay a substantial amount of our monthly charge to the County to cover the County's Health and Pension shortfalls. At some point we might consider supplementing with other types of lower cost security.
Roads & Bridges	FY 2021 - Grind & pave Club House and Campo Pelota and perform bridge work FY 2022 - Grind & pave upper Alameda Diablo FY 2023 - Slurry seal roads ground and paved in 2013 and repair County portion of Caballo FY 2024 - Slurry seal roads ground and paved in 2014 FY 2025 - Slurry seal roads ground and paved in 2015 FY 2026 - Slurry seal roads ground and paved in 2016

Diablo Community Services District
7 Year Budget
FY 2020-2026

		Actual/Est	Budget							
		2019	2020	2021	2022	2023	2024	2025	2026	
Beginning Cash (Less AP)		225,277	343,468	265,632	382,969	369,061	358,655	524,546	690,276	
Cash Source										
	AD Valorem Tax	3%	459,641	476,447	490,741	505,463	520,627	536,246	552,333	568,903
	Special Tax	3%	283,709	292,220	300,987	310,017	319,317	328,897	338,764	348,926
	Traffic Fines		2,758	1,200	1,200	1,200	1,200	1,200	1,200	1,200
	Interest		13	-	-	-	-	-	-	-
Total Revenue			<u>746,121</u>	<u>769,868</u>	<u>792,928</u>	<u>816,680</u>	<u>841,144</u>	<u>866,342</u>	<u>892,297</u>	<u>919,030</u>
Cash Use										
	Sheriff Security	5%	310,661	358,565	376,493	395,318	415,084	435,838	457,630	480,511
	Other		1,191	-	-	-	-	-	-	-
	Road Maintenance		8,945	365,000	150,000	265,000	325,000	150,000	150,000	150,000
	Bridge Maintenance		-	-	45,000	-	-	-	-	-
	Bridge Engineering/Consulting		-	-	-	-	-	-	-	-
	Storm Patrol & Emerg Response		7,428	5,000	6,000	6,000	7,000	7,000	8,000	8,000
	Gardener		1,200	1,200	1,200	1,400	1,400	1,500	1,500	1,500
	Trail and Island maint		2,500	5,000	6,000	6,000	7,000	7,000	8,000	8,000
	General Manager *		25,850	30,000	32,000	32,000	32,000	34,000	34,000	34,000
	Legal *		264,432	48,000	20,000	20,000	22,000	22,000	22,000	22,000
	Audit 3%		9,900	10,200	10,506	10,821	11,146	11,480	11,825	12,179
	Other Professional *		4,616	4,523	5,000	6,000	6,000	7,000	7,000	7,000
	County/State Notices and Fees *		832	146	1,000	150	1,000	175	1,100	200
	Insurance 3%		16,238	16,400	16,892	17,399	17,921	18,458	19,012	19,582
	Administrative *		1,628	1,170	1,500	1,500	1,500	1,500	1,500	1,500
	Miscellaneous *		3,170	2,500	4,000	4,000	4,500	4,500	5,000	5,000
Total Costs			<u>658,591</u>	<u>847,704</u>	<u>675,591</u>	<u>765,588</u>	<u>851,550</u>	<u>700,451</u>	<u>726,566</u>	<u>749,473</u>
Change in Position			<u>87,530</u>	<u>(77,836)</u>	<u>117,337</u>	<u>51,092</u>	<u>(10,406)</u>	<u>165,891</u>	<u>165,730</u>	<u>169,557</u>
New Vehicle			-	-	-	65,000	-	-	-	-
Prepaid Expenses/AP			30,661	-	-	-	-	-	-	-
Ending Cash Position			<u><u>343,468</u></u>	<u><u>265,632</u></u>	<u><u>382,969</u></u>	<u><u>369,061</u></u>	<u><u>358,655</u></u>	<u><u>524,546</u></u>	<u><u>690,276</u></u>	<u><u>859,833</u></u>

Diablo Community Services District
2019-20 Draft Budget

July 1st thru June 30th	2020 Budget					Actual/Est	Actual	Actual	Actual	Actual
	Q1	Q2	Q3	Q4	YTD	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Income Statement										
Revenue										
Ad Valorem Tax	0	262,046	0	214,401	476,447	459,641	444,570	424,275	394,697	364,370
Special Tax	0	160,721	0	131,499	292,220	283,709	244,460	239,579	232,159	225,733
Traffic Fines	300	300	300	300	1,200	2,758	1,729	4,479	3,355	3,319
Other Income	0	0	0	0	0	-	-	9,579		
Interest Income	0	0	0	0	0	13	55	69	83	142
Total Revenue	300	423,067	300	346,201	769,868	746,121	690,814	677,981	630,294	593,564
Expenses-Recurring										
Security										
Security / Sheriff	89,641	89,641	89,641	89,641	358,565	310,661	373,557	360,852	352,930	328,556
Auto Repairs					0	-	-	-	3,418	3,598
Other (office computer/cell)	0	0	0	0	0	1,191	-	569	200	400
Total Security	89,641	89,641	89,641	89,641	358,565	311,852	373,557	361,421	356,548	332,554
Road Maintenance										
Road Maintenance	0	10,000	5,000	350,000	365,000	8,945	9,004	407,392	292,579	612,188
Bridge Maintenance	0	0	0	0	0	-	2,180	-	13,790	61,279
Bridge Engineering/Consulting	0	0	0	0	0	-	-	-	3,275	-
Storm Patrol & Emerg Response	0	1,000	4,000	0	5,000	7,428	1,766	3,370	2,320	-
Culvert Failure					0	-	-	185,076		
Gardener	300	300	300	300	1,200	1,200	1,200	1,500	1,440	1,520
Trail and Island maint	0	2,500	0	2,500	5,000	2,500	1,264	2,000	9,884	10,500
Total Road Maintenance	300	13,800	9,300	352,800	376,200	20,073	15,414	599,338	323,288	685,487
Professional										
General Manager	7,500	7,500	7,500	7,500	30,000	25,850	24,750	21,000	21,000	21,000
Legal	34,500	4,500	4,500	4,500	48,000	264,432	227,670	25,200	22,200	22,200
Audit	0	10,200	0	0	10,200	9,900	9,250	9,000	5,000	8,658
Other Professional	165	2,517	171	1,671	4,523	4,616	8,842	7,003	9,147	3,875
County/State Notices and Fees	36	0	60	50	146	832	162			
Insurance	0	16,400	0	0	16,400	16,238	20,591	19,571	21,086	16,566
Total Professional	42,201	41,117	12,231	13,721	109,269	321,868	291,265	81,774	78,433	72,299
Administrative										
Administrative	135	600	50	385	1,170	1,628	2,161	520	305	866
Depreciation	2,266	2,266	2,266	2,266	9,063	9,060	9,063	7,394	1,953	1,582
Miscellaneous	0	2,500	0	0	2,500	3,170	3,851	3,625	2,539	2,357
Total Administrative	2,401	5,366	2,316	2,651	12,733	13,858	15,075	11,539	4,797	4,805
Total Recurring Expenses	134,543	149,924	113,488	458,813	856,767	667,651	695,311	1,054,072	763,066	1,095,145
Net Income	(134,243)	273,143	(113,188)	(112,612)	(86,899)	78,470	(4,497)	(376,091)	(132,772)	(501,581)
Capital Reserves										
New Sheriff Cruiser reserve	3,000	3,000	3,000	3,000	12,000					
Culvert Reserve	0	20,000	0	10,500	30,500					
Reserve for Bridge Replacement	15,000	15,000	15,000	15,000	60,000					
Total Capital Reserves	18,000	38,000	18,000	28,500	102,500					
Ending Cash Position	211,491	486,900	375,978	265,632	265,632					