

**MINUTES
SPECIAL MEETING
OF THE BOARD OF DIRECTORS
May 10, 2006
6:00 p.m.**

A. Call to Order & Roll Call

A Special Meeting of the Santa Rosa Community Services District was held at the Santa Rosa CSD Office commencing at 6:05 p.m. on May 10, 2005. Present at the meeting were the following Directors:

Director Boyer
Director Kelly
Director Rubin
Director Thomas

Director Bianchi was absent.

Also present were General Manager Holmes and Assistant Secretary Gipson.

President Rubin led the flag salute.

B. Public Expression

Property Owner Reg Watts expressed concern regarding erosion at the v-ditch on Via Gorrion at Via Santa Rosa.

C. District Website

Assistant Secretary Gipson presented her recommendation for upgrading of the District's website.

Motion was made by Boyer, seconded by Thomas, to approve the proposal of Big Giant Media in the amount of \$3,000 for upgrading of the District's website.

The motion carried unanimously.

D. General and Administrative Budget

The Board reviewed the first draft of the General and Administrative Budget for Fiscal Year 2006-2007. General Manager Holmes and Assistant Secretary Gipson discussed individual line items and answered questions from the Board and from the audience.

E. Capital Budget

Assistant Secretary Gipson reported that there are no capital purchases planned for the coming year.

F. Review of In-House Road Maintenance Costs

The Board reviewed the first draft of the In-House Road Maintenance Budget for Fiscal Year 2006-2007. General Manager Holmes and Assistant Secretary Gipson discussed individual items and answered questions from the Board and audience.

G. Review of Primary Roads

The Board reviewed the first draft of the Maintenance Budget for Primary Roads for Fiscal Year 2006-2007. General Manager Holmes elaborated on the individual budget items in all the zones of benefit. He explained that any items in the 2005-06 budget that were affected by FEMA projects, although not completed, were not in the new proposed budget.

H. Review of Zone I Maintenance Work

The Board reviewed the proposed work to be performed in Zone I.

I. Review of Zone II Maintenance Work

The Board reviewed the proposed work to be performed in Zone II.

J. Review of Zone III Maintenance Work

The Board reviewed the proposed work to be performed in Zone III.

K. Review of Zone IV Maintenance Work

The Board reviewed the proposed work to be performed in Zone IV.

L. Review of Zone V Maintenance Work

The Board reviewed the proposed work to be performed in Zone V.

M. Review of Zone VII Maintenance Work

The Board reviewed the proposed work to be performed in Zone VII.

N. Review of Cost of Services

The Board reviewed the proposed cost of services by zone. Assistant Secretary Gipson explained that proposed benefit fees will be presented for review at the May 24th Regular Board Meeting. She explained that historically, the benefit fees have been comprised of the cost of service, offset by projected revenue and the cash carried forward from the previous year. This has put the District behind in collections since so much budgeted roadwork has not been completed in past years and the funds collected to accomplish it have been used to fund the following years' projects.

Assistant Secretary Gipson, at the direction of the Finance Committee, has been discussing this situation with General Counsel Jeff Scott. It is Counsel's opinion that we are able to reserve the cash collected but not spent in one year, to be utilized in the following year. This will not require a Prop 218 election because we are not changing our method of assessment, nor will we be increasing assessments, but rather opting out of offsetting the cost of service by the cash carried forward.

Assistant Secretary Gipson asked for direction from the Board regarding the reserve of cash carried forward. She was advised to transfer the total cash carried forward into the respective zones' Roadway Rehabilitation Funds, thereby making the levy on the tax roll the actual cost of service.

O. Adjournment

There being no further business, President Rubin adjourned the meeting at 7:50 p.m.

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Rob Holmes, Secretary
Board of Directors

ATTEST:

Steve Rubin, President
Board of Directors