

CAPISTRANO BAY DISTRICT
AGENDA REPORT
June 28, 2011

Financial Reports

ITEM G.4

Review of Proposed Budget for Year-ending June 2012

The Board met in a workshop meeting about mid-June to review the proposed operating budget for July 2011 through June 2012.

Items that were of concern that require further discussion prior to any approval are:

Competitive Quote for General Liability Insurance Coverage

The District is currently covered through a program with the Special Districts Risk Management Authority (SDRMA). In November the Board acted to increase the insurance limit to \$10Million and purchased an additional excess policy also at \$10Million to give the District a total of \$20M of general liability insurance.

SDRMA has not quoted the renewal fees on the underlying liability policy yet (it is expected in the next few days) but the current rates are as follows:

- current year of liability policy - \$14,700 (expect the new quote to be higher)
- renewal for the excess \$10M - \$11,493

Director Schwartz has been proactive in evaluating the commercial insurance market for competitive pricing and has reported that more affordable coverage has been found. It is expected that he will report on this at the Board meeting.

In the past few days the SDRMA membership agreement has been reviewed. This includes the District Resolution approving our membership into the program, the Joint Powers Agreement and the SDRMA By Laws. As it turns out there is a membership termination clause that restricts a member's voluntary termination under *Article VII, Section 1*: "Notice of intention to withdraw from a Program must be given to the Authority ninety (90) days prior to the end of the Program year. No withdrawal shall become effective until the end of the Program year." This would also apply to our Workers Compensation Insurance Program.

As confirmed by SDRMA in a phone call, this means the District is bound to remain in the Program to the end of June 2012. The District is allowed to change the coverage limits at any time and is not bound to hold to a specific limit for the entire Program year.

(budget discussion continued on next page)

Administration Office Renovation Costs

The Board had expressed strong interest in using JT Consulting Engineers as project consultant for the Admin Office project. The engineer’s task involves:

- architectural site plan
- elevations for renovating exterior finishes and new roof structure
- civil plan for new handicap parking space and ADA compliance for path of travel
- electrical plan
- structural foundation & roof framing plans
- processing permit applications & submitting plans to city
- respond to plan check corrections from city

JT Consulting had provided a proposal on 5/12/11 in the amount of \$8000

Staff’s rough estimate of project cost (excluding consulting fees) is approx. \$50,000

The District received a written communication from homeowner Jerry Southwick in support of approval in re-establishing the District Admin Office back in the community and is included as an attachment on the next page.

Funding for Proposed Capital Improvement Projects

Summary of planned improvements in FY12 (budget subaccount #4200):

- sealcoating of road surface (in 2012)	55,000
- District admin office	58,000
- guard bldg improvements	20,000
- storm drain #2 (35125)	22,000
- landscaping in northgate	<u>2,000</u>
	\$157,000

The District will have to take approx. \$37,600 from existing reserves to fully cover all expenses on proposed capital improvements. Since the total of capital improvements plus the estimated annual operating costs exceed the estimated revenue for the year, the District will not have any excess revenue left over to set aside for future reserves at the end of the year.

When all expenses for this current fiscal year are accounted for there will be roughly \$475,000 left in the three District accounts. Deducting the proposed \$37,600 transfer from reserves to cover capital improvements our cash will be down to about \$437,400.

June 22, 2011

Don Russell and Board members,

Two months ago the board had before it the issue of “should the District replace the office of the District manager back within the confines of the District proper”. Many homeowners made contact with Don Russell and/or the board of directors making it clear that the homeowners overwhelmingly wanted the manager’s office replaced on or near where it was previously. All of us, both full time residents and those who live off road, should have easier access to our manager. Two months later there appears, as per the minutes, to be no activity to this end. I and several other owners who have regular contact with the great majority of full and part time residents have discussed this issue with them and virtually 100% agree that Don’s office should be replaced within our gates.

To this end I ask the board to please listen to your friends and neighbors and move forward on the issue. We may need to have a new engineering report for this procedure and I ask the board to direct the manger to research and get bids from 2-3 qualified engineers for this minor process. This should take no more than a couple weeks. The cost should be nominal for this small of a project. Having some contact with City staff and a council member or two I am pleased to report that they have implied that the City has already given us tacit approval to proceed. So this hurdle should not be an issue for the board to labor over.

And finally it does the district a disservice not having a manger present to instantly address issues as they arise and have the ability to drive the road and manage issues, such as construction zones (which there are several now and more to come shortly), visually inspect the railroad parking areas for lease infractions, instantly respond to fire pit debris complaints as well as illegal construction outside the string line of properties onto the sand. These issues and dozens more demand a physical presence by the manager to keep our community running safe and smoothly and give owner’s the ability to have access to our manager without having to wander off road.

Thank you for your considerations and we all hope to see progress to this concern with no further delays,

Jerry Southwick