

Meeting Minutes for 5/11/17

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday, May 11, 2017, at 6:30 P.M., at the Community Center, 59 Arlington Ave., Kensington, California. A Regular Meeting (Open Session) followed.

ATTENDEES

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Rachelle Sherris-Watt, President	Ann Danforth, District's Legal Counsel
Eileen Nottoli, Vice President	Deborah Russell, District's CPA
Sylvia Hacaj, Director	Jim Watt
Len Welsh, Director	Leonard Schwartzburd
	Karl Kruger
<u>Staff Members</u>	Gretchen Gillfillan
Rickey Hull, IGM/COP	A. Stevens Delk
Lynn Wolter, District Administrator	Pat Gillette
	Linda Lipscomb
<u>Press</u>	

President Sherris-Watt called the meeting to order at 6:33 P.M. President Sherris-Watt, Vice President Nottoli, Director Welsh, Director Hacaj, IGM/COP Hull, and District Administrator Wolter were present. President Sherris-Watt announced that Director Cordova would join not be joining the meeting because of health concerns.

CLOSED SESSION PUBLIC COMMENTS

None.

The Board entered into Closed Session at 6:34 P.M.

CLOSED SESSION

- a. Conference with legal counsel – anticipated litigation: The Board was briefed on matters involving significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2).
- b. Public Employee, employment, discipline, or dismissal: The Board was briefed on personnel matters pursuant to Government Code Section 54957(b)(1).

The Board returned to Open Session at 7:09 P.M.

President Sherris-Watt took roll call. President Sherris-Watt, Vice President Nottoli, Director Welsh and Director Hacaj were present. President Sherris-Watt reported that Director Cordova was absent because of medical issues.

President Sherris-Watt announced there was nothing to report from the Closed Session.

PUBLIC COMMENTS

Karl Kruger announced that the Kensington Fire Protection District's Finance Committee would be meeting on June 6th at 5:30 P.M. at the Community Center. He said that this was when the Fire District would decide what increase it would give to El Cerrito for fire service and that the Fire District Board would likely do what the Finance Committee recommended, which is what the Board had done in the past. He said that, if the community didn't want to pay any more for fire service than necessary, it should attend the meeting.

A. Stevens Delk thanked and commended IGM/COP Hull and Vice President Nottoli for their work on the dispatch and records services issues and for completing the project before the June 30th deadline. She said that going with Albany would be more costly than going with the Sheriff for dispatch and El Cerrito for records. She said that, perhaps, El Cerrito would also contract with Albany and then all three communities would be on the same wavelength.

Pat Gillette addressed the issue of transparency. She said that she continued to have concern over the lack of transparency that the Board had shown in the various decisions that impact the community and that this was unacceptable. She noted this was inconsistent with what the Directors had said at the time they'd run for office. Among the decisions she cited was who the new GM would be. She said that a hiring decision would come about soon but that the community had not had an opportunity to meet that person. Ms. Gillette said the explanation she'd received from President Sherris-Watt, when she'd asked – by email – why this was, had been that President Sherris-Watt didn't trust the community to behave in a way that wouldn't alienate those people applying for the position. Ms. Gillette said that President Sherris-Watt had cited the last round of interviews for the Chief of Police, when, in fact, she and President Sherris-Watt had been in charge of that interview process. She explained that questions for the interviewees had been taken on cards and that there had been no rancor or any inappropriate question asked during that process. She added that she knew of no one who'd been chased away by the notion of being interviewed by the public. Ms. Gillette said that, at the very least, the Board should have let the community know what the process was, who was being considered, and let the community meet that person before being hired. She noted that for four people – Director Cordova hadn't been present for about nine months – to make a decision that would impact the lives of 5,000 residents, without ever allowing the community to vet that person, was unacceptable and unprofessional.

Ms. Gillette asked what would happen, once the GM was hired:

- What the Board would do about filling the COP position?
- How the Board intended to pay the GM salary?

She said that none of this had been clarified with the community and that the community was entitled to know this.

Ms. Gillette said the community should know whether the COP position would be opened up for posting so the community could get the best possible candidate, or whether it was the intention, as had been previously expressed by the Board, to allow IGM/COP to continue without the community ever having had the opportunity to interview him, see his qualifications, or compare him to other candidates.

Ms. Gillette said that she hoped the Board members would honor their promises of transparency, as expressed during their campaigns, and that the community was entitled to openness and information about the Board's intentions.

Ms. Gillette said that the Ad Hoc committee had spent a lot of time and energy and some community money studying various options for the reconfiguration of the District and that the Board had adopted the GM/COP split, which she said she supported. But, she said she didn't know what had happened to the other things: contracting out and consolidation. She noted there had been no discussion by the Board about whether it intended to pursue either of these options. Instead, she said the Board appeared to be positioning the community so that it ended up contracting out – even though there had been no indication from the public that it supported this. She urged the Board to have public discussion about these issues that affect its constituents. She said she continued to find it unbelievable that the Board had made no effort to disclose to the public what the timeframe was for the fifth Director to return to the Board: For the Board to continue to tell the public that there was a medical issue that prevented Director Cordova from being here and to have only four directors making decisions for 5,000 people was inappropriate and unprofessional.

Gretchen Gillfillan said that she was a 58-year resident and that, when she retired in 1995, she'd been appointed to the new park committee. She said that she'd been thrilled because she's an outdoor person and that she was very concerned that the Fire Board wanted to build a new fire station on the parkland. She said the Fire Board should consider enlarging its current building so it could get the bigger fire engines into it. She explained that the community had voted overwhelmingly to purchase the park and that it had not expected any part of it to be used for a fire station.

BOARD COMMENTS

Director Welsh thanked Pat Gillette for her comments, said the District really needed to hire a GM, and that the Board didn't have time for public vetting. He said that something needed to be said about why Ms. Cordova couldn't make it to the meetings, that it had been a very long time, and that the Board needed to get a more detailed explanation from her.

Ann Danforth said she'd been in the process of reviewing the Board's Policy and Procedures Manual and other governing documents of the District and there was one hole she proposed that she fill, sooner rather than later. She said the District had a number of code enforcement matters it needed to undertake. She added that, normally, a District would adopt an ordinance that would enable the Board to recover attorneys' fees and that there was a way to structure code enforcement to make this possible. She said this would provide a big cost savings for the District. She suggested that the Board authorize her to draft such an ordinance and bring it back to the Board. President Sherris-Watt responded that the Board would like her to do this.

President Sherris-Watt announced that the Kensington School Carnival would be held the coming weekend and that some of the District's officers would be attending. She also announced that the Friends of the Library's book sale would be held in the Community Center on the upcoming Saturday.

President Sherris-Watt announced that the next Finance Committee meeting would be held on May 24th.

STAFF COMMENTS

None.

CONSENT CALENDAR

Karl Kruger asked to pull item b, the Unaudited Profit and Loss Budget Performance Report.

President Sherris-Watt said she had a comment about the Kensington Community Council (KCC) calendar. She said that the motion to approve the consent calendar, which included this calendar, did not indicate that the Board was approving the dates contained in the KCC calendar.

With respect to Item b, the Unaudited Profit and Loss Statement, Karl Kruger asked about Account 518 Safety Equipment. He asked how the District ended up with a negative expenditure for this account for the month of April. President Sherris-Watt read the notation: "When CPA Deborah Russell ran a report in March for this account's YTD activity, she discovered that an officer had submitted two \$1,000 requests for reimbursement: Only a \$1,000 reimbursement was permitted under the terms of the MOU. This negative entry reflects the officer's \$1,000 reimbursement to the District." Deborah Russell clarified that each officer was allowed a reimbursement for safety equipment in the amount of \$250 per year. But, she said that, if an officer didn't use the amount in any year, it could go for the length of the contract. Thus, she said one of the officers had the ability to be reimbursed \$1,000 but submitted a request twice. She said that, when she was preparing the reconciliation for safety equipment, she realized there was an error. She then requested a refund and that this was what the credit reflected.

Director Welsh said the Board had gone through a process that said the District had a legal obligation to provide all the officers' safety equipment. Given this, he asked for what safety equipment the District could be reimbursing the officers. Ms. Russell responded that this was part of the MOU and was a negotiated benefit. She said she believed the District provided the officers with the equipment they needed on the street, but if the officers want an extra gun, or something else, they could use the allowance for that. IGM/COP Hull said the allowance also was spent on boots, back-up duty guns, belts, or a vest different from the one provided by the District. Director Welsh said he wanted to go on record as saying that this made him very nervous; it was the District's legal obligation to provide, without cost to the officers, all the safety equipment the officers needed. He said that when the Board negotiated the next contract, it needed to remove this provision: The District needed to provide every single thing the officers needed for safety, cost free. He said this was the law.

Director Hacaj said the District may be providing everything its required to provide, but the officers have the ability to purchase additional things. She asked if the District was failing to provide all that's needed. IGM/COP Hull responded that the District provided everything required by law.

MOTION: President Sherris-Watt moved, and Vice President Nottoli seconded, to accept the Consent Calendar.

Motion passed: 4 – 0.

AYES: Sherris-Watt, Nottoli, Welsh, Hacaj NOES: ABSENT: Cordova

OLD BUSINESS

None.

NEW BUSINESS

7. The Board appointed a Director to negotiate a lease with the Kensington Fire Protection Board for the office and parking space at 217 Arlington Avenue.

President Sherris-Watt reported that the KPPCSD lease for space in the Public Safety Building would expire on July 1st and that the Fire Board would like to begin discussing terms.

Director Welsh suggested that President Sherris-Watt take on this responsibility. He said he thought she'd already been having discussions with the Fire Board, so it would make sense for her to continue doing so. Vice President Nottoli said she, too, supported this suggestion.

Linda Lipscomb said that, ideally, a GM would be the person negotiating this lease. She said the Board's job was to set policy and to ensure policy was implemented by staff. She noted that it was neglectful that proper staff had not been chosen yet to do this. With respect to the lease itself, she said she urged whoever negotiated it to keep in mind that the \$1.00 per year lease should be continued. She said the taxpayer was on both ends of the deal, with money flowing from the KPPCSD to the Fire District, which was looking to purchase a Taj Mahal fire station. She said that money would then flow over to become a subsidy of Kensington's neighboring community. She said that Kensington's 5,000 taxpayers were paying approximately 30% of El Cerrito's fire budget and that El Cerrito was about five times larger in size than Kensington. She said that, on top of that, Kensington was carrying the cost of the third fire station for El Cerrito's system and that about 40% of the calls out of the station in Kensington were for El Cerrito. She said there was a larger issue – Kensington has been going along as two districts, but Kensington was one group of people... one taxpayer base. She said the ultimate solution was the consolidation of the two districts into one public safety and welfare district, with a single revenue stream. She added that, for a number of years there had been an "internecine warfare," in which the Fire District had its funds and the KPPCSD had its funds, and "never the twain shall meet." She said that the taxpayer got lost in this and inequities arose. She said that, if the Board was going to renegotiate the lease for the police department, it should continue to favor the citizens of Kensington and the \$1.00 per year rate should continue because Kensington taxpayers were on both sides.

MOTION: Director Welsh moved, and Vice President Nottoli seconded, to appoint President Sherris-Watt to negotiate the lease with the Kensington Fire Protection District for office and parking space at 217 Arlington Avenue.
Motion passed: 4 – 0.

AYES: Sherris-Watt, Nottoli, Welsh, Hacaj NOES: ABSENT: Cordova

8. The Board reviewed a contract between the District and Interim GM/COP Rickey Hull for a contract appointment from May 18 – June 30, 2017.

President Sherris-Watt said a revised agreement had been posted. She extended apologies on behalf of herself and PLG. The changes that had been made were:

- Item 1 - The agreement had referred to IGM/COP Hull as Master Sergeant and now referred to him by his current title.
- Item 5 – KPPCSD had not recently hired a new GM: It was in the process of doing so.

Pat Gillette said she understood that this agreement would be extended until the end of June, and she asked what the plan would be at the end of June. She asked if someone would please answer the question instead of "staring into space." President Sherris-Watt responded that, at the last meeting, Bob Deis had come and spoken about the Board's process and GM candidates. She said the Board was in negotiations with its selected candidates, whom she said the Board would like to present at an upcoming meeting. She added that the Board hoped to bring the GM into the District on June 12th. Therefore, the Board was extending IGM/COP Hull's contact through the end of the fiscal year so the Board would have flexibility. Upon the hire of the GM, she said IGM/COP Hull would no longer serve in the GM capacity. She added that this negotiation had been conducted with the District's employment attorney, John Holtzman. She said the Board would then present a new contract for a COP or an ICOP. Director Welsh said he wanted to add that it was his understanding that, once the new GM was on board, the Board would work with that person to get the best advice about how to proceed on the COP issue – whether that meant extending IGM/COP Hull or conducting a search for a someone new, through a competitive application process.

Ms. Gillette asked if it was possible that there would not be an open process for the selection of the COP. She asked if this would be left to the GM to decide or if the Board would make the decision. She said this would leave only two weeks to make a decision about the COP position, and she asked, again,

what the plan was. Director Welsh said his vision was that the current contract extension would run out about two weeks after the Board hired the GM. The Board would then have to do another interim contract to extend COP Hull while the Board works with the new GM to figure out what the process would be for a new COP. He said he wanted to hear comments from the community about what process should be followed.

Ms. Gillette asked if the Board had done any evaluation of IGM/COP Hull's performance during this period of time that he'd been in his current position. She asked if there would be any type of evaluation before the Board renewed his contract for any period of time. She said this would be the right thing to do for the police officers, the people who work in the police department, and for the community – especially given that IGM/COP Hull had never been properly vetted.

President Sherris-Watt said she disagreed with Ms. Gillette's "properly vetted" comment: She believed that 19 years on Kensington's force was proper vetting. She said the Board was always in the process of evaluating its employees. She said that what she believed was that the Board would be making decisions, in terms of staffing, for every role in conjunction with the GM. She said that the Board would consider what it needed to do and that, by law, the Board was not required to have a COP, but was required to have a GM. But, she said, for ease of operations the Board did need leadership and direction for the police department. She said she had been very impressed with IGM/COP Hull's performance during his tenure in this role: He stepped in when the District was in a lot of tumult, he had ably guided the District through the dispatch issue, which, based on what had happened to El Cerrito, could have been dire for KPPCSD. She said she looked forward to bringing more innovation. Vice President Nottoli added that, during the time she'd worked with IGM/COP Hull, she'd been impressed by his work attitude. She said he'd made himself available and had run a department that was short three officers: It was commendable that the department had been as successful as it had been, with a skeleton crew. She noted that IGM/COP Hull was well regarded by various Chiefs of Police in the area: They'd complimented him when she and he had gone to dispatch meetings. She also said that Fire Chief Lance Maples had commented that IGM/COP Hull had spent more time in the fire chief's office than IGM/COP Hull's two predecessors, combined. She said it was important to have good relationships with the community's nearby communities regarding policing because of the departments' interdependence. Vice President Nottoli concluded by saying that IGM/COP Hull had done an admirable job.

Director Hacaj said the KPPCSD's most important position was the GM, based on the duties and responsibilities. Thus, she said it would be a period of transition for the entire community to have a GM with a separate and distinct role, including direct operational oversight of the police department. She said this would require a recalibration of the Board's role – it should be in a policy-making role, rather than an operational one. She said she expected this transition to last several months, while the GM got up to speed. She concluded by saying that this was how the Board should proceed with respect to items related to the leadership of the police department.

Leonard Schwartzburd commented on the gentleman who'd been at the last meeting and assisted the Board – Bob Dies, and asked Ms. Gillette if she was assured by this man, as he, himself, had been impressed by Mr. Deis' professionalism and demeanor. Dr. Schwartzburd said he felt that the Board had brought in a good person to help recruit someone and that the community would get someone good out of the process. He said Mr. Deis was "quite a guy," and the Board had done a good thing by bringing him in. Ms. Gillette responded that Mr. Deis was not the candidate. Dr. Schwartzburd said he thought Mr. Deis would recruit good people.

MOTION: Director Welsh moved, and Director Hacaj seconded, that the Board adopt the first amendment to the Interim General Manager/Chief of Police employment agreement, as posted in the Board agenda.

Motion passed: 4 – 0.

AYES: Sherris-Watt, Nottoli, Welsh, Hacaj NOES: ABSENT: Cordova

President Sherris-Watt thanked IGM/COP Hull for agreeing to fulfill this role a little longer.

9. The Board reviewed the “Financial Statements and Independent Auditor’s Report for the Fiscal Year Ending June 30, 2016”

President Sherris-Watt introduced the item, saying the report had been prepared by Lamorena and Chang. She said that, at the April 26, 2017 Finance Committee meeting, the Finance Committee had approved the audit and recommended that the Board do so as well.

A. Stevens Delk noted that, on the auditor’s report, Account 448 Franchise Fees the auditor had reported \$59,559, but on KPPCSD’s Unaudited Profit and Loss Statement for the end of the year, the amount shown was \$92,717. She said the \$33,000 difference was because of the Franchise Fee that needed to be paid to Contra Costa County. She explained that this was something new, because the District had entered into a new contract with Bay View Refuse. She said that Bay View used to pay 2% of gross receipts to the District and 3% to the County. Now, she said all the franchise fees came to the District and the District then paid the 3% to the County. She said she wasn’t an accountant but that the franchise fees being paid to the County should be set up in an expense account, rather than being reported as an expense made out of a revenue account, which had been reported as contra-revenue in the footnotes of the Unaudited Profit and Loss Statement. She said the community should know how much money had been received from Bay View and how much had been sent to the County. She said this would resolve the difference between what the District reported on its Profit and Loss Report and what the auditor reported in the audit.

Deborah Russell, the District’s CPA, responded that she didn’t prepare the Unaudited Profit and Loss Report: It came from staff. She said that contra-revenue was a real thing and that she would revise the District’s accounts for the new fiscal year, showing subaccounts for gross franchise fee revenue and the fees being paid to the County. She explained that contra-revenue was a revenue expense and was meant to be in the revenue section. She said she believed she could make this clearer for everyone. She explained that the reason there had been such a big adjustment at the end of the fiscal year was that this revenue and expense process was new and that she had been having difficulty getting a revenue estimate from Bay View – she noted that this was still a problem, but the District needed to accrue both the receivable for the revenue and the amount to be paid. She said there was now an attempt to clear this out each month. Vice President Nottoli responded that this depended on when the revenue had been received – some checks had been received on the last day of the month. Ms. Russell noted that some of the revenue was lagging. Thus, she said that, at year-end, the District might not receive fiscal year 2016-17 revenue until September of 2017. She said she would accrue this to be in the proper fiscal year, but it wouldn’t hit cash at that time. Director Welsh said that, bottom line, the District hadn’t done anything wrong.

MOTION: President Sherris-Watt moved, and Director Welsh seconded, that the Board accept the Independent Auditor’s Report for the Fiscal Year Ending June 30, 2016, as prepared by Lamorena and Chang.

Motion passed: 4 – 0.

AYES: Sherris-Watt, Nottoli, Welsh, Hacaj NOES: ABSENT: Cordova

President Sherris-Watt reported that Steven Chang had appeared at the Finance Committee meeting to discuss the independent auditor’s report.

10. Review of the Budget of the Fiscal Year 2017-18. Board reviewed and discussed line items in the Budget.

President Sherris-Watt reported that this was the first reading of the budget for the fiscal year 2017-18.

She asked IGM/COP Hull to review the document. IGM/COP Hull said he didn't have anything specific to say about this budget, he had requested that CPA Deborah Russell attend the meeting, in case there were any concerns.

Jim Watt said he was surprised the budget had come to the Board at this time because he thought the process was one of the Finance Committee approving the budget before it came to the Board. He said the Finance Committee had met to discuss this on two occasions, and the revisions from the last meeting were contained in the packet. He said that there were some important numbers that needed discussion and that these hadn't been discussed at the Finance Committee meeting. He directed everyone's attention to the cash carryover amount for the fiscal year 2016-17 and said that this amount was \$1,829,958. He said this number was supposed to represent the total amount of money the District should have in reserves at the end of fiscal year 2017. He said that, in the audit, this amount for the prior fiscal year had been \$1,801,000. Thus, he said, the cash carryover had increased by approximately \$28,000, based on the audited results. He said he thought this understated the amount that would actually be carried forward. At the Finance Committee meeting he'd passed around a spreadsheet that showed his estimate of how much money would remain at the end of the year and that it was \$171,000. He said that, if the District had increased its cash amount by \$171,000 then the year-end cash carryover would be \$1,972,000, instead of \$1,829,958. He said this was relevant because there were going to be a lot of expenditures coming up, and the District needed to know how deeply it could dig into that reserve account.

Ms. Russell said the cash carryover was not the same thing as fund balance, but it should be something close. She said that, although Mr. Watt thought there should be a bigger increase, she wanted to bring everyone's attention to the next line, which read "Add back large prepaid RIMS software." She noted that, when she set up the budget, she'd used February numbers, so she'd estimated, based on what the District normally spent in a month, and, in June she allowed for any additional known items. She noted that one of the big items was about \$140,000 that the District would be spending on RIMS software and that this would be a pre-paid expense and, therefore, would not be recorded as an expense until 2017-18. She noted this expense would decrease cash. And, not to be misleading, she'd added it back because it's shown among the expenses, though it will already have been paid for out of cash – so she didn't want to duplicate the loss of cash.

Vice President Nottoli noted that the franchise fees were restricted and so asked if this included that amount. Mr. Watt responded in the affirmative. She said it was important to understand what amount of the cash was really available. Ms. Russell said there had been a discussion at the Finance Committee meeting about this reserved money and that the restricted items were summarized below the cash carryover line and that these restricted items were annotated. Thus, she said, all the money in the cash carryover was not truly available. President Sherris-Watt said the Finance Committee had had a discussion about sources of revenue, such as COPS grant money and Measure G revenue that could be spent only on certain things. She said she and Rob Firmin agreed to meet to and develop a logical way to present information.

Mr. Watt said the next item he wanted to discuss was the capital account for automobiles in the amount of \$101,000 or \$128,000, depending on which report one looked at. He said that this account had been established quite some time ago and that he wanted it to be put back into the general fund. Ms. Russell responded that the \$128,000 was cash and investments, with the \$101,000 portion representing the investment portion. She said the District was not required to have a capital fund and that it had had almost no activity. She added that it had been set up so that a car could be purchased from it every year, but this hadn't happened for a long time. She said she believed that, by a vote of the Board, the Board could cancel this capital fund and just have on one fund: The general fund. Mr. Watt said he hoped the Board would take this change under advisement because it would make the general fund appear larger. Ms. Russell responded that this cash was included but was shown as committed.

Mr. Watt said there had been a number of people in the community who had expressed concerns that the KPPCSD had not adequately planned for the renovation of the Community Center. He said a ballpark

estimate of what it would cost and from where the funds would come needed to be identified so the reserves could be set aside for the work. He said it was hoped that Director Hacaj would provide an outline of this by the Finance Committee's next meeting, so that the needed committee funds could be set aside. He said that currently \$150,000 was committed and that, for the upcoming fiscal year \$250,000 had been budgeted – for a total of \$400,000 currently committed. But, he said the building renovation was going to cost more than this.

Mr. Watt concluded by saying that the amount of money that would remain in reserves, even after increasing the amount of money for the Community Center, would possibly remain above \$1,000,000, which he said was a comfortable amount.

Director Hacaj reminded everyone that there was also WW Grant money available, in the amount of \$158,000, that could be applied toward the building.

Linda Lipscomb said that, when she had been on the KPPCSD Board and doing work on the Bay View solid waste contract, there had been discussions about the limitations on the use of the franchise fees. She said she'd been a proponent of allocating the fees for staff time, attorney time, and other aspects of the use of District facilities that go toward solid waste disposal in order to put the fees to good use. She suggested that this might be a matter for counsel to dig into to determine what might be reasonable. Vice President Nottoli said she had sent an email to legal counsel, Ann Danforth, that afternoon. Vice President Nottoli that said David Spath had talked about this, too, and that, once the District determines how much it would need for an RFP and new attorney negotiations, the District might be able to reduce the franchise fee. She added that something toward which she'd like to put the money was the removal of debris from the Community Center during the renovation project. She noted that, under the Franchise Agreement, Bay View had the exclusive right to all debris. Director Hacaj said she'd looked into this, and debris removal would not be a significant amount of money – perhaps about \$10,000. Vice President Nottoli suggested that debris removal from the Public Safety Building might also be an option.

Jim Watt said that, because the Board had asked the attorney to take a look at this, he would forward to them an email he'd received from former GM/COP Harman about three years ago. Mr. Watt had posed this very question, and former GM/COP Harman had said that legal counsel had said the franchise fees could be used for the purpose for which it had been intended: Garbage collection. Vice President Nottoli responded that this had been a Hanson Bridgett memo, she had contacted Hanson Bridgett for a copy of this memo, and that Hanson Bridgett had said that, if they located the memo, they would forward it. She concluded by saying the Board had competent legal counsel and would take a look at this.

Karl Kruger said he had two problems with the budget, both of which he'd expressed at the Finance Committee meetings. He said there had been no vote by the Finance Committee but, if there had been, he would not have voted for it. He said he would not vote for a budget that authorized more than one dollar in rent to the fire department. The Public Safety Building belonged to the community and did not belong to the fire department. He noted that the Fire District did not pay rent when it came to the Community Center.

Mr. Kruger said the community had discussed hiring a part-time GM but had never talked about creating an eleventh position, not including the non-sworn employees. He said the community's population had not increased, nor had it added any buildings. He questioned how an eleventh position could be justified. He clarified that there were ten positions identified on the police officer spreadsheet and for Account 502 and an eleventh position in Account 808. However, he said that if the Board brought in a part-time GM, who would have operational responsibilities and could make the argument for an additional position, then he would be willing to listen. Director Welsh responded that this would be an appropriate task to assign the new GM, adding that this was the kind of analysis that was needed.

Ms. Russell noted there had been a change from the budget version that had been reviewed by the Finance Committee – Account 865 Building Lease had been changed to \$1.00. President Sherris-Watt

confirmed that this was what the Finance Committee had agreed to but was not what had been negotiated.

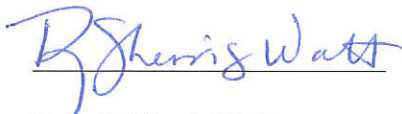
President Sherris-Watt asked IGM/COP Hull to discuss the officer position. He reported there were 10 officer positions, so he didn't understand from where the assumption about the 11th officer position had come. Director Welsh responded that it was the GM.

President Sherris-Watt said that the Board should decide whether or not to vacate the capital account, and noted that the last vehicle purchased had not come from this fund: It had come from the General Fund. Director Welsh noted it would be good to know what the yearly car replacement cost would be. Ms. Russell said that, as long as she'd been with the District, the purchases had always been made out of the General Fund, never out of this capital fund. She suggested that, if the Board vacated this fund that it consider vacating the whole capital fund, including the \$28,000, to simplify the accounting. Board consensus was to vacate the whole capital fund, both the \$28,000 and the \$101,000. Director Welsh said he wanted to have a line item, or something, to indicate the average annual cost for replacing vehicles. President Sherris-Watt suggested doing what the Fire District does: Apportion money and set it aside in advance if purchasing a new vehicle.

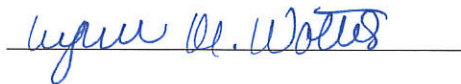
**MOTION: President Sherris-Watt moved, and Director Hacaj seconded, to adjourn.
Motion passed 4 – 0.**

AYES: Sherris-Watt, Nottoli, Welsh, Hacaj NOES: ABSENT: Cordova

The meeting was adjourned at 9:02 P.M.



Rachelle Sherris-Watt
KPPCSD Board President



Lynn Wolter
District Administrator