



**SPECIAL MEETING AGENDA
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT**

****NOTE LOCATION CHANGE****

Owner Lounge, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076

Saturday, June 3, 2017 9:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

Bob Moore (P45) President
Robert Allen Director, Director

Jim Griffin (P9), Director
Wendy Cumming, Clerk/Accountant/Secretary

B. MEMBER COMMENTS

Matters under the jurisdiction of the Board and not on the posted agenda, may be addressed by members of the public before the Board for consideration. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Board of PDGHAD. Any person wishing to address the Board during the Member Comment period shall be permitted to be heard for up to 3 minutes, A) individuals may speak only once and B) the Board is unable to address any owner comments in depth, but may choose to direct the Clerk to follow-up on the matter for a future meeting.

C. PRESIDENT’S REMARKS

The President will use this opportunity to inform the public of issues affecting the District and other items of a general nature not otherwise provided for on this agenda.

- Appointment of new board member

D. NEW BUSINESS

3. ITEM – Consider action to appoint new board member.

- Staff report
- Public comment
- Board discussion
- Board action
- Oath of Office for Board Members appointed in lieu of an election

4. ITEM – Consider adopting draft budget for the fiscal period July 1, 2017 through June 30, 2018
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action

5. ITEM – Consider accepting accountant contract renewal for the fiscal period July 1, 2017 to June 30, 2018
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action

6. ITEM – Further consideration and direction to Staff concerning the District's Administrative budgets for inclusion in the pending Prop. 218 assessment process and procedures
 - a. Staff report
 - b. Public comment
 - c. Board discussion
 - d. Board action

E. CLOSED SESSION

The Board will recess to closed session to confer with its attorney regarding litigation pursuant to Government Code Section 54956.9 (a); (d)(2) and is hereby of the opinion that a significant exposure to litigation exists.

The Board will recess to closed session to conduct interviews with and consider the employment of candidates for the position of District Clerk pursuant to Government Code Section 54957(b)(1).

Public comment limited to the identified closed session item will be accepted before the Board recesses.

F. DIRECTORS COMMENTS AND CONCERNS

Members of the Board of Directors may address items of concern at this time, and may request that items be placed on future agendas in accordance with the By-laws of the Board.

G. ADJOURNMENT

The next Special Meeting of the Board of Directors is scheduled for June 24, 2017, at 9:00 a.m. at the offices of the Pajaro Dunes Geologic Hazard Abatement District, Meadow Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076. Individuals who require special accommodations are requested to contact the District Clerk by calling (831) 761-7744, no less than 72 hours prior to the meeting or in the case of a Special Meeting, as soon as possible after the Agenda is posted. Copies of the agenda will be available 72 hours prior to the meeting and may be obtained by contacting the District at (831) 761-7744. All meetings are noticed and conducted in accordance with the Ralph M. Brown Act.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

ANNUAL BUDGET SUMMARIZED FOR FY 2017/18

	<u>Notes</u>	<u>Zone 1</u>	<u>Zone 2</u>
Administrative and Operating Expenses:			
General and Administrative		\$ 17,888	\$ 1,030
Professional/Clerk/Accountant/Admin. Services	(A)	46,525	2,640
Special District Compliance Costs		3,090	-
Total Administrative and Operating Expenses		<u>67,503</u>	<u>3,670</u>

Costs to be allocated to each zone based on estimated proportional benefit. Based on standard cost allocation formulas for GHAD as recorded by the engineer of record July 1, 2009.

(A) Contract for Accountant/Clerk, services to include audit support, budget preparation, administration, outreach and additional requests as required by the board.

BUDGET FOR FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FUNDING SOURCES FOR ZONE 1	Current Year <u>Budget</u>	<u>Notes</u>	Prior Year <u>Budget</u>	Dollar <u>Change</u>
Property Assessments:	\$ 146,097		\$ 185,734	\$ (39,637)
From Members	141,783		180,249	38,467
From PDA for Stairways	4,314		5,485	1,170
Interest income	50		50	-
Total Revenue for Zone 1	<u>146,147</u>		<u>185,784</u>	<u>39,637</u>
EXPENDITURES FOR ZONE 1				
Insurance	13,391	(1)	13,000	391
Legal Consultant	9,271	(1)	9,000	271
Website maintenance/annual fee	3,183	(1)	3,090	93
Postage/shipping/office supplies	1,313	(1)	1,275	38
Officer election	2,060	(1)	2,000	60
Audit Fees	7,983	(1)	7,750	233
Assessment Administration	8,241	(1)	8,000	241
Accountant Contract	16,830	(1)(2)	22,363	(5,533)
Clerk Contract	4,200	(1)(2)	-	4,200
Board and Clerk training	1,030	(1)	1,000	30
Total Administrative Costs	<u>67,503</u>		<u>67,478</u>	<u>25</u>
Debt Service:			-	
Loan payments (\$198,000 to year 2017)	16,258		32,516	(16,258)
Loan payment (\$439,000 to year 2019)	62,386		62,386	-
Loan payment (\$200,000 to year 2016)	-		23,404	(23,404)
Sub Total	<u>78,644</u>		<u>118,306</u>	<u>(39,662)</u>
Total Expenditures for Zone 1	<u>146,147</u>		<u>185,784</u>	<u>\$ (39,637)</u>
Net Change in Fund Balance	<u>\$ -</u>		<u>\$ -</u>	

Notes ~

(1) General and administrative expenses increased over 2016/2017 budget

by CPI of 3.10%, using all urban consumers (San Francisco-Oakland-San Jose, CA)

(2) Clerk and Accountant positions seperated for budget presentation. Clerk costs anticipated

at \$35/per hour, averaging 10 hours per month. Accountant position, at \$165 per hour

(4 hrs per month financial statements, check run, deposits + 30 hours annual audit, 5 board meetings

at 2 hours per meeting, debt admin. 3 hrs annually, annual compliance reports 3 hrs, budget

preparation 8 hrs. annually) Total hours = 102

DRAFT PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT - ZONE 2

BUDGET FOR FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Current Year budget</u>	<u>Prior Year Budget</u>	<u>Dollar Change</u>
REVENUE FOR ZONE 2			
Property Assessments	238,976	238,866	110
Pelican	237,093	236,985	108
Total PDA for stairway	1,882	1,881	1
			-
Interest	150	150	-
Total Revenue for Zone 2	<u>239,126</u>	<u>239,016</u>	<u>110</u>
EXPENDITURES FOR ZONE 2			
<i>Administrative Costs</i>			
Insurance	-	-	-
Legal Consultant	-	-	-
Officer Election	-	-	-
Postage/office supplies	-	-	-
Dues and subscriptions	-	-	-
Audit Fees	-	-	-
Contract for Assessment Administration	1,030	1,000	30
Accountant/Clerk Contract	2,719	2,640	79
			-
Total Administrative Costs	<u>3,750</u>	<u>3,640</u>	<u>110</u>
<i>Loan Payments</i>			
SBA Loan Payment	92,856	92,856	-
Payment on bond issue (82 members)	142,520	142,520	-
			-
Total loan payments	<u>235,376</u>	<u>235,376</u>	<u>-</u>
			-
Total Expenditures for Zone 2	<u>239,126</u>	<u>239,016</u>	<u>110</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>0</u>

Current year CPI = 3.01%

Consumer Price Index - All Urban Consumers

Original Data Value

Series Id: CUURA422SA0
Not Seasonally Adjusted
Area: San Francisco-Oakland-San Jose,
Item: All items
Base Period: 1982-84=100
Years: 2006 to 2016

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2006		207.1		208.9		209.1		210.7		211.0		210.4	209.2	207.9	210.6
2007		213.688		215.842		216.123		216.240		217.949		218.485	216.048	214.736	217.361
2008		219.612		222.074		225.181		225.411		225.824		218.528	222.767	221.730	223.804
2009		222.166		223.854		225.692		225.801		226.051		224.239	224.395	223.305	225.484
2010		226.145		227.697		228.110		227.954		228.107		227.658	227.469	226.994	227.944
2011		229.981		234.121		233.646		234.608		235.331		234.327	233.390	232.082	234.698
2012		236.880		238.985		239.806		241.170		242.834		239.533	239.650	238.099	241.201
2013		242.677		244.675		245.935		246.072		246.617		245.711	245.023	243.894	246.152
2014		248.615		251.495		253.317		253.354		254.503		252.273	251.985	250.507	253.463
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
													Change	7.77	
													%	3.01%	

WENDY L. CUMMING

CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 1531
California, California 95010

Office (831) 475-5550
WendyC@CummingCPA.com

May 16, 2017

Pajaro Dunes Geologic Hazard
Abatement District
2661 W. Beach St.
Watsonville, CA 95076

This letter is to confirm our understanding of the terms and objectives of this engagement and the nature and limitations of the Accountant services that will be provided.

ACCOUNTING AND RECORDKEEPING

I will gain an understanding of the key accounting policies, principles, and procedures being followed, recordkeeping methods and data maintenance, file structures and file contents, and timeliness of reporting and reporting mechanisms. If recommendations for changes are noted, as they pertain to safeguarding of assets, weaknesses in internal controls, they will be discussed with management. I will assist with implementation of proposed changes as directed by management. This work will be done on an ongoing basis.

FINANCIAL STATEMENTS

In connection with the monthly financial statements I will prepare financial reports to compare budget to actual, review the assumptions used in expense accruals, revenue recognition, and perform other procedures as needed. The above work will be done on a timely basis to ensure that the District meets its timetable for distribution of the financial statements.

The above procedures do not constitute an audit, review, or compilation of the financial statements in accordance with the standards established by the American Institute of Certified Public Accountants.

The work performed above will be done on an as-needed hourly basis, which limits my involvement and knowledge of the daily operations of the District. Because of this, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcation, may exist and may not be detected by us. By signing below the District acknowledges this fact and agrees to indemnify me should any of the above situations occur.

SPECIAL PROJECTS

During the course of our engagement, I will assist with various projects of the District. These can include, but are not limited to, cash management, budget preparation, audit documentation preparation

and review, specialized management reporting, financing arrangements, liaison with vendors and customers or other professionals engaged by the District, and assistance with development of operating budgets and forecasts.

INDEMNITY

To the extent I am acting on behalf of the District, and at the direction of management, the District agrees to indemnify me for any damages that may result from my good faith actions.

CONFIDENTIALITY

During the course of this engagement I may have access to proprietary information of the District, including, without limitations, oral and written information and material concerning or pertaining to the District's trade secrets, business methods, plans and/or projects. I acknowledge that such information, regardless of its form, is confidential and proprietary to the District, and that I shall not use, copy, or disclose the information in whole or in part in any manner or to any person or entity without the express prior written consent of a duly authorized officer of the District.

FEES

Statements for services will be sent on a monthly basis, and are payable within 14 days. The current billing rate for services is \$165.00 per hour.

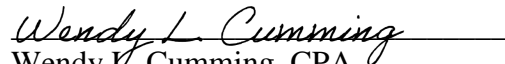
Fees do not include out-of-pocket expenses advanced on behalf of the District, such as computer charges, telephone calls, postage, photocopying, etc.; these will be billed separately.

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE OVER FEES CHARGED BY THE ACCOUNTANT, EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

I appreciate the opportunity to be of service to you and believe this letter correctly expresses the significant terms of our engagement. If you have any questions please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to me. This letter will continue in effect until canceled by either party.

Sincerely,


Wendy L. Cumming, CPA

Response:

This letter correctly sets forth the understanding of:

Robert Moore, President
Pajaro Dunes Geologic Hazard
Abatement District

Date