

John Carrier was selected as the Water Agency Board Vice-Chair for 2014.

RESULT: ADOPTED [4 TO 0]

MOVER: Janet Bibby, District III Supervisor

SECONDER: Merlin Jones, District II Supervisor

AYES: Merlin Jones, Janet Bibby, Kevin Cann, John Carrier

EXCUSED: Lee Stetson

10:19 AM Water Agency Board Adjourned

N. Reconvene as Board of Supervisors

O. Regular Agenda Items

1. Public Works (ID # 3127)

Discussion and Possible Direction Regarding Hiring an Outside Auditor to Address Yosemite West Financial History

Chair Cann announced that the Board has received one written communication and that copies are available for the public on the back table.

Peter Rei/Public Works Director made the staff presentation. CAO expounded on his research into such an audit; and noted that he spoke with Supervisor Stetson this morning who feels that this is not the best use for this money.

Supervisor Carrier required clarification regarding the funding of the audit, its scope, and whether it will include a review of past fees paid and whether they were sufficient to maintain a level of maintenance and service that would have been necessary to operate the plant at an acceptable range. CAO responded that the latter was not discussed with the potential reviewer, and that he was focusing on where the money came from, has gone, and whether it has been spent properly. Mr. Rei noted that the issues that continually surface are: what were loans; what were grants; and who owes what to whom. Supervisor Carrier noted that after researching the matter, he doesn't think any money was misappropriated; feels that nothing will satisfy everyone; thinks that there will always be doubt without an audit; and feels the issue needs to have an independent review in order to allow us to move beyond it.

Supervisor Bibby required clarification that Yosemite West residents know that the cost could be as high as \$15,000 and that it will come out of their repair monies. Mr. Rei noted that it was the consensus of the committee to undertake such an audit. Discussion ensued between Supervisor Bibby and Mr. Rei regarding the potential benefits of spending the money on an assessment of the current facilities. Mr. Rei noted that he is in favor of anything that gets us past the issue.

Supervisor Jones noted that he feels this needs to come to a conclusion; noted that he is in favor of this audit, but would not be in favor of another one down the line.

Supervisor Cann discussed that the bond language seriously confuses this issue; and expects that an audit will come back with the same conclusions, but wants to have finality with this issue one way or another.

Supervisor Carrier required clarification as to whether each house is metered. Mr. Rei responded affirmatively. Supervisor Carrier noted his agreement with undertaking an audit in order to grant finality to the issue.

Supervisor Bibby noted to the audience that they can let the Board know if they need more time. There was no response from the audience.

Chair Cann noted that since Supervisor Stetson is not here, common practice would

be to delay this a week but that he does not want to do that given the distance the residents must come to address the matter.

Public comment opened.

Barry Turner spoke in favor of the audit; provided handouts of documents to the Board and discussed same; noted that the audit is important to him; and discussed fears that the residents had 13 years ago regarding needing to fund repairs later.

Robert Kroon spoke in favor of the audit; discussed the wastewater treatment plant; noted that some people rent out two people per bedroom per house, and some put 20 or 30 in a house; and noted that if a comparison of water consumption to number of toilets is done, that it might be interesting to also compare against the number of bedrooms.

John Mock noted that at a previous meeting investigation was going to be made into the availability of grand jury budget money, and inquired about same; noted that he is concerned with the scope of the audit, feels that the real contention is the determination of the fund expenditures, about restrictions on those fund expenditures in relation to representations that were made by the County to the community at the time of the ballot measure, and whether the County's subsequent actions, and decisions by the Board of Supervisors, are in conformity and compliance with those representations. He noted that he feels that if an audit looks only at the fiscal questions, it will come up with the same answers but that the real matter is whether those fund expenditures were in compliance with any restrictions that were implicit in the ballot assessment. He also discussed language in the Engineer's Report, and noted that if the audit doesn't have the ability to make a determination regarding the propriety of fund expenditures, then the audit will never get down to the bottom of this question. He also noted and discussed other questions regarding the Reserve Capacity EDU, and the grant from the EPA to pay for repairs to the collection system.

Public comment closed.

Chair Cann inquired of CAO if a determination has been made regarding whether the Grand Jury money is available for the audit. CAO responded that it is not available. Chair Cann noted that any audit will focus on the fiscal aspect, but must also look at the constraints placed on the funds in order to determine their appropriateness.

CAO discussed that, based on his conversations with the potential reviewer, he feels the audit would include the appropriateness of the expenditures.

Supervisor Jones noted that an audit would be based on documentation, not on oral histories.

Supervisor Bibby remarked on the Minutes presented by Mr. Turner noting that, if it is being interpreted that those Minutes show forgiveness of any money, you never see direction provided in that fashion; rather, a formal action would subsequently have been taken. She also noted that no one can ever guarantee that anything will ever work forever; and noted that the Board relies on consultants and experts.

Chair Cann polled the Board as to their desire on the matter. Supervisors Jones, Carrier, and Cann noted favor for an audit. Supervisor Bibby required clarification that a formal contract would come back before the Board. Mr. Rei affirmed.

Supervisor Carrier suggested that once Public Works starts developing the scope of the review, that they share it with the subcommittee so that it can be vetted out before being brought back to the Board. Mr. Rei agreed.

RESULT: DIRECTION GIVEN

2. Administration RES-2014-15

Set the Board's Meeting Schedule for 2014

Rick Benson made the staff presentation, noting an unusual situation in November due to Election Day on the 4th, Veterans Day on the 11th, and Thanksgiving on the 27th.