

MINUTES OF MEETING  
CAPITAL REGION COMMUNITY DEVELOPMENT DISTRICT

The Board of Supervisors of the Capital Region Community Development District held a budget workshop on Thursday, July 15, 2010 at 5:30 p.m. at the Good Samaritan United Methodist Church, 3720 Capital Circle SE, Tallahassee, Florida.

Present were:

Mary Lee Kiracofe	Chairperson
Barry Brooks	Vice Chairman (by telephone)
Alan Hanstein	Supervisor
Wayne Toothman	Supervisor
Jorge Gonzalez	Supervisor

Also present were:

James A. Perry	District Manager
Brian Crumbaker	District Counsel

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Perry called the meeting to order at 5:30 p.m.

**SECOND ORDER OF BUSINESS**

**Discussion of Fiscal Year 2011 Budget**

Mr. Perry stated you should have received in your agenda a copy of the approved budget, which was approved in June and I have copies available here. I want to work off of that budget and talk about some of the additional spreadsheets I sent you. If you will recall based upon our discussion at the last meeting Supervisor Brooks inquired as to what would be the impact in regards to the St. Joe agreement over the next three years if our budget expenditures were to remain constant and then we were to take down their contribution each year as we have under that agreement so I sent you a separate email and you should have that in front of you it is a one page worksheet. It shows the approved budget this year has about 9.5% impact to the O&M.

Mr. Gonzalez joined the meeting at this time.

Mr. Perry stated for 2012 the St. Joe contribution, which is the second line will decrease by approximately \$85,000 and our budget increase will relate to about 7.61% increase per

individual landowner within the district. The final year under the 2013 budget the St. Joe contribution goes to zero and the impact would be an increase of about 7% to each individual homeowner.

Mr. Hanstein stated that would just be based on our budget maintained the same with no increases in any of the other costs such as vendor fees, additional utilities, bringing more product on line, which would require a higher budget. I understand what you were doing with the exercise I just wanted to make it clear for anybody in the audience.

Mr. Perry stated correct, it is basically static and it assumes the same levels of service and the same level of expenditure for that service over that time period.

Mr. Brooks asked to Alan's point concerning the impact on the budget and the revenues if new homes go on line and start paying their assessment how does that relate to the budget? I understand there will be more services that will be required in the operation and maintenance but they would be paying for themselves through their assessment.

Mr. Perry stated that is correct. If you will recall there would be an adjustment based upon the allocation of fixed costs and variable costs. We worked through that spreadsheet so as those units come on line they will have an adjustment affect to each of the other landowners within the district.

Mr. Brooks asked if I understand it if SouthWood continues to develop and we get more homes on board that is in our best interest versus St. Joe's plan to continual drawdown.

Mr. Perry stated correct. That worksheet is based upon the budget that has been approved and trying to project out what the impact would be over the next two years and taking down that St. Joe contribution.

Mr. Toothman stated we kept everything the same so if you take \$171,000 from \$1.1 million what percentage is that?

Mr. Perry stated that is about 15%.

Mr. Toothman asked so St. Joe is contributing 15% to this budget and to a greater extent to other budgets, right?

Mr. Perry stated if you look at the budget in the revenue section there is a direct bill to St. Joe and that direct bill based upon the budget right now would be about \$563,000 that is their fair share of assessments. In addition to that under this budget they are paying an additional

\$171,000 above and beyond their fair share per that agreement that was worked out over a year ago.

Mr. Crumbaker asked we are not direct collecting on platted lands are we, that is only on unplatted lands? So that is in addition to whatever St. Joe owns that is developed and platted that would be collected by the tax collector? Off roll we are only collecting unplatted land.

Mr. Perry responded correct.

Mr. Toothman stated that would be areas like Unit 35 where we have some investment but it is not complete. Is that a true statement?

Mr. Perry responded yes.

Mr. Crumbaker stated it is technically platted but it is just not complete construction.

Mr. Toothman stated it hasn't been accepted by the city or the other agencies. Once the lots are platted and the subdivision is accepted by the city at that point even if St. Joe owns it they would still pay to the operation and maintenance?

Mr. Perry stated yes they pay today also to the operation and maintenance for unplatted.

Mr. Toothman stated for all platted lands.

Mr. Perry responded all lands within the district are paying.

Mr. Crumbaker stated what you will see is you have four revenue line items that have real dollars associated with them, developer contribution is over and above the assessments on platted and unplatted lands.

Mr. Gonzalez stated to make sure it is clear the \$171,770 is the amount of deficit funding to make up the difference from the revenue coming in their fair share and expenses.

Mr. Perry stated yes.

Mr. Toothman asked that \$171,770 if all the buildings were built on the platted lands would we see an increase in the revenues or we wouldn't see an increase?

Mr. Crumbaker stated if it is currently platted today then it is covered within the tax collector line item. If it is to be platted in the future because it is currently unplatted you will see a move from the special assessment direct St. Joe to the tax collector line item. You will see that number decrease as development occurs with an increase in the special assessment tax collector.

Mr. Toothman asked but the \$171,770?

Mr. Crumbaker stated that is the one that is subject to the agreement that the district is weaning itself off of that contribution.

Ms. Kiracofe stated the deficit funding.

Mr. Toothman stated this is where my confusion is at, is that St. Joe receives some utility on unplatted land that is reflected in the operation and maintenance budget that they are not contributing to.

Mr. Hanstein stated they are contributing. That would be in the special assessment direct St. Joe.

Mr. Toothman stated that is for platted lands.

Mr. Crumbaker responded no that is for unplatted.

Mr. Hanstein stated platted would be in the tax collector line.

Mr. Toothman asked that would be for the debt of the bond, right?

Mr. Crumbaker responded no, on page 1 this is all O&M. St. Joe pays within those three line items, they pay the developer contribution 100%, they pay 100% of the \$563,564 which is associated with unplatted lands and then some portion of the \$1,128,921 is paid by St. Joe and that is for platted lands that are collected by the tax collector.

Mr. Toothman stated the \$171,770 is basically a gift from St. Joe.

Mr. Gonzalez stated it is picking up the difference in revenues coming in and expenses going out.

Mr. Toothman asked if it was a gift why did we have to have an agreement for them to reduce it? Was that just for communication purposes?

Mr. Crumbaker responded it was to create a structure because year in and year out this project has been deficit funded over and above benefit and last year St. Joe approached the district and said we can't continue to fund the deficit at this rate and at the same time we responded saying we understand that because of the benefit side but we also don't want to hammer the residents all at one shot with all of a sudden an increase which last year would have been \$257,000. When we talked to St. Joe we asked can we phase that in and they agreed to a three year phase in.

Mr. Hanstein stated the agreement did three things and the first thing it did was it set what was a fair assessment methodology on the unplatted land. What they were giving us was beyond the fair benefit. The first thing it did was address what was the fair assessment. The second thing it did was benefit both. For us it allowed us to work with them and say can we do it over three years and get that in writing so you don't come back next year and say we want the

rest of it we are going to stop paying it. For St. Joe it codified that we would actually do it in three years. That was passed unanimously in September of 2009 after four or five months of counsel working with counsel working with Jim working with supervisors to get to that point.

Mr. Toothman stated I was trying to get it straight in my mind who pays what and when and where. Basically when the land is platted they receive an assessment and that assessment stays the same whether you have a building or do not have a building.

Mr. Crumbaker stated correct, the point of platting is the key point in time. In fact the assessment tied to a unit at platting will be a little bit higher than what you see unplatted because an unplatted area the north side of the project there is no stormwater or any of that kind of thing. They will actually pay a higher assessment as the costs for the district go up. Once it is platted, if it is platted by a certain deadline then it is reflected in the tax roll that is created by the county tax collector. The district manager contacts the county tax collector requests the roll in electronic form, they receive it and if it is platted by that point in time then it is reflected in the plat and it is collected by the tax collector under that line item so it is on the tax bill just like anything else.

Mr. Perry stated this worksheet is the St. Joe funding agreement dated September 10, 2009. I would like to walk through the documents you have. If you will recall at the last meeting Supervisor Brooks asked staff to take a look at the current budget and see what adjustments we could make to bring the budget down so that there would be no impact on increase of assessments for this next fiscal year. I have done an exercise to do that as close as I could and I sent this to you in an email and did mention that I think some of this is very aggressive but I would like to walk through the changes in the expenditures related to what I have provided to you. The assessments above fall out based on those expenditure changes.

I did want to make sure that the board recognized one thing and that is since 2008 our actual costs have decreased about 5% and if we make the adjustments that are in there that will actually be about 10% decrease in cost all together. There has been a lot of cost containment already done by the district. We tried to keep levels of services at the same level that we had previously. There have been a lot of proactive changes that this board has undertaken over the last couple of years to keep costs down.

We will start with the administrative section. I have a \$3,500 adjustment under the arbitrage section decreasing it from \$6,250 to \$2,750. Those are reports that we are required to

have by the IRS done on our bond issues each year and we started using another firm that has been very aggressive in doing those reports so we feel comfortable. We have done this with a number of other districts this last year changing the service provider for that and that is about the decrease in cost related to that.

Ms. Kiracofe asked can we back up to engineering?

Mr. Perry stated yes.

Mr. Crumbaker stated I spoke with Fred Greene and he said reducing it by \$10,000 was fine.

Mr. Perry stated the engineering line item we have typically budgeted \$30,000 each year for several years and you will see the actuals in 2008 was about \$27,000, in 2009 about \$34,000, our run rate this year is going to be about \$5,900 it could be a little bit higher. We have left it for budgetary purposes at \$30,000 but as Brian indicated based upon discussions with the engineer the level of activity right now with the district \$15,000 is probably adequate.

Mr. Crumbaker stated \$20,000 is what I talked to him about.

Mr. Perry asked reducing it to \$20,000?

Mr. Crumbaker responded yes.

Mr. Perry stated so we are proposing to reduce that down to \$20,000.

Mr. Toothman asked Brian, when you talked to him did he have any positive outlook?

Mr. Crumbaker stated we exchanged emails. I didn't get into that topic but given the fact that he is reducing the budget my guess is he is not anticipating a lot of activity next year so it will be \$20,000 that is the new revised budget number reflecting a \$10,000 reduction. I mentioned to Jim the same for attorney, there is nothing happening, taking it from \$50,000 down to \$40,000 and reducing that by \$10,000 as well.

Mr. Perry stated so we will have another adjustment for attorney. Keep in mind if you look at the attorney fees in some of the earlier years there were a number of issues that we were dealing with and the run rate this year is at the \$34,000 level. That is on an hourly basis and is not a set fee. We will reduce the attorney by \$10,000.

Travel and per diem is based on actual run rates so I reduced that \$1,200 to \$2,800. Meeting room rental I increased by \$400.

Mr. Hanstein stated I have a note on that. We don't have approval yet but I went to the homeowner rep meeting last night and Mark Powell who is one of the homeowner reps who is

also running for the HOA homeowner position had approached me about a month ago about moving the meetings to the community center and asked why they weren't there. They have verbally committed as a group although that is not 100% but I suspect this may not be an issue, with Teresa there to allow us to use the room at no cost and commit to our dates. I would think for a variety of reasons as much as we appreciate the church as a location that that would be a benefit and certainly a cost savings. I know we are probably not a \$4,000 cost savings total but you are budgeted at \$2,400. You can leave it at \$2,400 but I think if we can get that done it could be free.

Ms. Kiracofe stated I recommend that we leave it as it is and let the new board decide where they want to meet. I personally don't have a lot of confidence in the room being ready and the door unlocked and all of those things just based on past history and the nature of these public meetings and the gate and so forth. I think the new board can decide if they want to meet there.

Mr. Hanstein stated that is fine, that is still a few months away but for the purposes of this we can leave it at \$2,400.

Ms. Kiracofe stated thank you for going to them and talking to them about that. It is a move in the right direction.

Mr. Hanstein stated they actually asked me to speak on the budget and the increase and I will share some comments they had when you are done with this.

Mr. Perry stated that in summary are the changes to the administrative side and you can look at the totals from year to year and that budget has been fairly flat and that is pretty normal for most districts on the administrative side unless you have additional bond issues and things it stays relatively flat.

The field expenditures are the major drivers of this budget. You will see the first line item is management fees and that is related to the field service operations of the district and our contract expires at the end of this year but we kept the fee at the same level as we have had for the last 18 months. We will have to renew that if the board chooses to do that. You can see there have been considerable cost savings related to that over the years.

The next three line items, landscape maintenance contract, new units and park I did make some changes to those dollar amounts. The changes I made were based upon what the actual run rates have been over the last couple of years and I try to look at that in total. This is probably

where the most aggressive is on the budget. Embedded in the budget numbers are costs that could happen during the year like major storm events, there are a lot of materials that need to be replaced, there is a lot of cleanup there are things of that nature so included in the budget for landscaping is really those types of events. By paring it down as much as I have done in here you are kind of saying you are not expecting any of those events to occur and that is a risk the board would have to take. If they did occur and you had to utilize funds the district has about \$90,000 to \$100,000 worth of surplus funds so you would have to eat into our surplus in order to fund those items. That is a decision that the board would really have to deal with.

Ms. Kiracofe stated these new numbers make me uncomfortable thinking about a major storm coming through. I think it is pared down too much. I think it puts us at risk. When you think about what happened at Celebration when Charlie came through it was over \$1 million. This makes me personally uncomfortable.

Mr. Brooks stated I'm looking at the landscape maintenance contract and that is pretty much what I was going to recommend cutting the \$732,412 back to \$700,000 based on total projected for this current year. That still would leave a \$20,000 leeway above and beyond what would be projected for this current fiscal year. I agree with you if we have some horrific storm that would strap us in either one of those categories. Again, that is something we can't forecast for sure and my argument would be if Jim wasn't the total amount that we really needed to try to pull out about \$83,000 or \$89,000 to keep our assessments level?

Mr. Perry responded no to keep assessments level you would probably in total have to carve out about \$135,000.

Mr. Brooks stated I would rather go ahead and reduce it at this point and try to maintain our assessments as best we can.

Mr. Hanstein stated I think I agree with you Mary Lee and I will share that experience last night at the homeowner rep meeting. The original reason I went to that was that one of the reps asked I guess there was this idea that we were going to be raising the assessments and they asked if I could stop by and answer some questions. I think once explained that we were not just raising our costs, there were no significant increases that we were approving, no new contracts that was part of the agreement that we have had for a year that was certainly well discussed that St. Joe was overpaying, deficit funding that and that we were trying to take that off. The idea that if we just tried to keep the assessment the same remember and I explained this remember if

we do it this year we are going to have to do it again next year and as Jim said we have already cut pretty tight and we are cutting tight now the idea that we are just keeping the assessment artificially at the same level I think is a little tough. I'm concerned as were most of the homeowner reps when I explained where we were coming from and if we did have an incident one of those reps who is actually a potentially elected supervisor, Ely, knows that all too well, his home was affected in Fay when we had major storm damage to the neighborhood. I think of all the reps he really felt that. Having said that I think there is a compromise we have already got on the TRIM notice the approved budget which is the higher amount so that is already out. I think if we can do the exercise we are doing that is \$20,000 just since we sat at the table and I think we all have a couple more items and some of the items you identified and potentially maybe some of this in landscape. I'm not saying don't cut anything out of some of those but maybe not cut \$30,000 or \$32,000 maybe cut \$10,000 it saves us a little, makes that impact a little less. My biggest fear is that we artificially keep it the same this year and I won't be a supervisor next year so I will be on that side but also I will be paying it. My fear is that what are we going to do next year and what are we going to do in 2012 because we are going to have this same exercise and I think personally and from the opinion that I got from the majority of the reps last night was let's try to do the best we can but if we have to take a little pain now they understand there is a small impact and that we will get to where we need to be and by 2013 we will be hopefully exactly where we can. They had questions about the landscaping contract and when that is going out for bid because that is the big dollar there but those two things one is not going to happen before the budget. I'm a little bit concerned about going too far to the bone on those and the opinion I got from the homeowner reps was that they were similarly concerned.

Mr. Toothman stated we have projected numbers to 2010 and we are still below the projected numbers with the decrease that Jim is proposing. If we have large catastrophic events insurance picks up at some point.

Mr. Perry responded basically there is no insurance on landscaping and you can't get insurance on it. It is something like \$2,000 a nominal amount that is covered on landscaping.

Mr. Toothman stated the stormwater ponds and those kinds of functions would be covered under insurance.

Mr. Perry responded correct if there are repairs that need to be made to certain infrastructure that would be covered but landscaping is not insurable.

Mr. Hanstein stated that is the meat of the question, Wayne that is what we talked about last night. It is a risk/reward. Probably nothing will happen, even if it does we have a little bit of money. Is it worth the insurance or is it worth keeping the assessment a few dollars lower for each one of these items? I think at the end of the day with homeowner input and supervisors deciding what their threshold is for that.

Ms. Kiracofe stated I think it is a matter of being prepared and either pay now or pay later.

Mr. Toothman stated I agree, I'm hearing that we are not going to have many new units coming on so that is \$20,000. I wouldn't think that is one that we could keep in there.

Mr. Perry stated the \$20,000 for new units and even with that it still would leave \$15,000 in the budget and that has got to be more than adequate. I feel very comfortable with that based upon where we are today.

Ms. Kiracofe stated so cut the \$20,000.

Mr. Perry stated you would leave the \$20,000

Ms. Kiracofe stated and keep the \$15,831.

Mr. Perry stated it sounds like the other two at this point in time just don't make those changes.

Ms. Kiracofe stated I would like to keep them as is. I would like to keep the \$702,000 and \$270,000 for the contract and the park.

Mr. Gonzalez stated you mean the \$732,412 and the \$288,450.

Ms. Kiracofe stated right yes, I was in the wrong column.

Mr. Toothman stated even if we do have a catastrophic event and all the trees are knocked over it would just eliminate people from using the park.

Ms. Kiracofe asked who is going to clean up the trees?

Mr. Toothman stated when the budget is approved we will be out of hurricane season but next year we won't be.

Mr. Hanstein asked would we also have an issue possibly with the city and all the permitting issues we have in Central Park where we have to keep certain things up?

Mr. Brooks stated I'm having a hard time hearing Wayne and I may be repeating some of it. Mary Lee I hear what you are saying, Alan I like the fact that you are looking for a middle road on the contracts and also on the landscape maintenance of the park. Jim, Mary Lee is still

making a point of pay me now or pay me later it is pay now and you may pay me later really because you don't know what type of an event might occur that would cause us to really hit that total cost. I go back to the fact that if something did happen we have landscape maintenance planned throughout the year and it could be that you have to cut back maybe on some routine maintenance to make up any deficit for any immediate, unforeseen issue that came up that is not covered by whatever contingency we leave within it. The other point is and this is something that you can straighten me out on but again if something does fall from our property into one of the city roads or into the neighborhood roads or whatever, wouldn't the City of Tallahassee be a responding entity and remove that and when they turn around and charge us, it wouldn't have to come out of our landscaping costs. It seems like to me we do have some other protection from the city.

Mr. Hanstein stated I would expect that the city wouldn't charge us for that. I think where our costs would come from is if every tree in the median on Blair Stone tumbled over and was effectively destroyed and we had to replant 32 trees that would be where our cost comes. Again, we go back to and I'm not saying which way is right but then you decide are we going to replant or do we just hold and don't plant and we don't have a budget. I'm just passing on the sentiment from the homeowner reps, which is not representative effectively of every homeowner in SouthWood.

Mr. Brooks stated I'm with you on that too and I understand in that example arguably you are looking out for safety as the primary concern and it could be the next fiscal year you end up budgeting for replanting or whatever new trees if there is anything severely damaged. As far as the homeowner reps I'm glad you went to the meeting and had that input. A lot of the input I have received through my contacts in the neighborhood have been a preference to hold the assessments as level as we can. I understand that everybody is getting a bargain right now and that is something I need to try to convey better in my communication out. Whatever amounts we think we can go ahead and back off on keeps us closer to that current year assessment.

Ms. Kiracofe asked right now we see we are to knock out the \$20,000 for the new units.

Mr. Perry stated correct.

Ms. Kiracofe stated we will take away the \$20,000 for the new units, however, we are discussing mostly the contract for the landscape maintenance and for the park, those are the two that we are trying to seek the happy medium for. If you look at the total so far of what we cut

during this meeting tonight we are at \$40,800? We took \$10,000 from engineering, \$10,000 from the attorney fee.

Mr. Crumbaker stated \$3,500 from arbitrage.

Mr. Perry stated we are at \$44,300.

Mr. Hanstein stated if you took landscape maintenance contract and said we will give \$10,000 back from the budget and we have \$20,000 new then we are net at the bottom effectively the same, \$113,712 and that is probably where we need to be to stay completely zero so you might have been looking for the extra \$22,000. I'm trying to find a compromise again, I agree with Mary Lee I am not fully comfortable going for the whole \$30,000 there. I would be comfortable with \$10,000 so taking that from \$732,412 and going to \$722,412 and I think Wayne has a good point on the park maybe not taking the whole \$18,000 but maybe \$10,000 so from \$288,450 go to \$278,450 that gives \$8,000 back.

Mr. Brooks stated that is fine it sounds like a good compromise.

Mr. Hanstein stated that should be net whole. Now that the TRIM notice has gone out anything we can get to keep it down to that close number I think we are doing a pretty good job.

Mr. Gonzalez stated I know these are plus or minus a little bit but \$135,000 somewhere around there is a number that will keep the assessments the same. You presented here in the preprinted spreadsheet \$113,712 if I just do the math that is an additional \$22,000 roughly.

Mr. Hanstein stated if we find an additional \$22,000 in addition to what we have we are there.

Mr. Gonzalez stated we already have \$10,000 and \$10,000.

Mr. Hanstein responded no because I used those down at the bottom. I pulled out instead of the \$34,120 and the \$18,000 I reduced those pulls to \$24,112 and \$8,000.

Mr. Gonzalez asked what is the running number?

Mr. Hanstein responded \$113,712.

Mr. Gonzalez stated from the reductions we made at the meeting we are still \$22,000 short.

Mr. Hanstein responded correct.

Ms. Kiracofe stated just to clarify on landscape maintenance on contract we would reduce it to \$722,412 and landscape maintenance on the park it would be \$278,450.

Mr. Perry stated this is not on this list but in discussions a little bit more with Robert on pump station maintenance we had \$1,500 for the budget and based on what we are seeing it really needs to be about \$5,000 so there is going to be an increase in that line item that is not on your sheet of \$3,500.

Mr. Toothman stated we are going to realize some savings on the water bill. Is that correct?

Mr. Perry stated there should be some.

Mr. Brooks stated I missed what Jim was saying but moving on to pond repairs current units you had \$20,000 in the budget but looking at the total projected for the current year the current projected amount to be spent is about \$14,000. Is that another category that we could maybe take \$5,000 out of?

Mr. Toothman stated I would be scared of that one. When these ponds fail they are a catastrophic failure.

Ms. Kiracofe stated they are getting older too, they will be another year older.

Mr. Brooks stated there is another thing I would like to suggest that we consider. It is like we are putting contingency money in each of these categories and I was going to recommend that when we go through this exercise I like what Jim has done where he basically said compared to what our expenditures are this year these are the numbers we think you should do like on landscape maintenance contract, landscape maintenance park. If we don't take all those numbers out where there is any kind of contingency that maybe thought of in there why not roll that into that other contingency category at the very bottom? I would rather see that number be larger which will allow flexibility. I guess there is already flexibility in that category. I would rather see us be really tight and then provide a large contingency box or wherever the extra would be so that way Wayne in a situation where the ponds are a problem let's budget it close to what it was for the current year from a track record standpoint but then we know we have a contingency box in the event that it has a problem, maybe we don't have the issues that we are thinking we might have at landscape maintenance contract in total then you have that number sitting down there which help supports that as well.

Mr. Hanstein stated just a follow-up and then I have an item I think we can probably save some money on. A little history on that it is not a great point but is the history on that, pre-Robert I think what was happening was we had this big contingency and we had everything bare

boned like that and then everything magically came out of contingency. We were constantly having contingency items and one of the things that Robert did very effectively when he did the budget last year was make those line items more accurate and brought the contingency down. I'm not disagreeing with what you are saying I'm just telling you how we got here where we had a low contingency and higher dollars was because back in the day it seemed like every time we had a sprinkler head go out somehow that came out of contingency. We said why don't we plan for those things so that is where the budgets came from.

My big item I tried to talk to Gil and also some potential candidates so we will see if that will help long term about our utility rates out here and while I can't guarantee that anything would ever happen especially with the potable water rate which is what we are paying that excessive premium on, I do think we have a lot of room to move in utilities and you had not taken anything out of that for the approved budget. I'm curious if you had a reason and if not I think we can pull \$20,000 out right off the bat.

Mr. Perry stated the biggest cost drivers out there are the irrigation and we did not adjust it because in discussions with Robert the hour run rate right now is very favorable. We had quite a wet spring and if you don't have that it is going to drive the cost up exponentially. That is the biggest number in there you are right.

Ms. Kiracofe stated if you look at 2008 that was a dry year.

Mr. Brooks stated I had flagged that as well, the utility budget was way out of line with what was projected. I identified that for taking \$26,000 out of it.

Mr. Hanstein stated I would be fine with that and it probably gets us to where we need to be.

Mr. Perry stated if you look at the regular budget on page 7 it has the detail of all of that and it is electricity plus water cost.

Ms. Kiracofe stated to clarify for the record the amount that you say we take \$20,000 out of that and make it just \$106,610.

Mr. Hanstein stated he was saying taking the \$26,610 out and make it an even \$100,000.

Mr. Brooks stated that is about double what the total projected amount is.

Mr. Hanstein stated with the potential this year of bringing more reuse on line.

Mr. Brooks stated it wouldn't be twice as much as what we already have. We have alleyway maintenance and I didn't touch that because I didn't know the true condition. I know we had some alleyway issues but I think you have \$5,000 identified out of that.

Ms. Kiracofe stated yes.

Mr. Brooks asked are we all acceptable on that?

Mr. Hanstein stated I'm fine.

Ms. Kiracofe stated I'm fine.

Mr. Brooks asked did you have a conversation on the preserve maintenance? We have \$15,000 coming out of preserve too.

Mr. Perry stated I based that on our actual run rates in the last year and the year before.

Mr. Hanstein stated I did talk to Robert about that and he mentioned that we would not be doing any gyro tracking this year and that was a significant cost.

Ms. Kiracofe asked when you said we wouldn't have to do it this year do you mean in the next budget year?

Mr. Hanstein stated yes, he was not expecting to gyro track in this budget cycle.

Mr. Brooks stated I'm fine.

Ms. Kiracofe asked we don't have to do any gopher tortoise mitigation?

Mr. Perry stated it will come up tonight I think I was \$12,000 in regards to that but if we are netting out the gyro tracking our current run rate is like \$30,000 and it is probably \$8,000 or \$10,000 on gyro track.

Ms. Kiracofe asked you are going to reduce that by how much?

Mr. Perry responded \$15,000.

Mr. Gonzalez stated you should be close to your ballpark figure I think.

Mr. Brooks asked Jim did you say it was \$150,000 cut in order to keep our assessments equal?

Ms. Kiracofe stated no it was \$135,000.

Mr. Brooks stated we have really done a lion's share of effort in staff, I appreciate what you have done and fellow supervisors thank you for being patient and working through this in helping get this number down and Alan I do understand the point and I'm glad you are there to share that message. It is not that we are adding things to our responsibility but it is truly that St. Joe as the developer is starting to pull out of their deficit funding. Somehow we have to

communicate that. That is why I wanted that spreadsheet that Jim put together. I think that will be useful to have and to share with people and they can see this is going to be a three year cycle to get St. Joe out of helping us out. Thank you for your work.

Mr. Hanstein stated that was the tipping point in talking with them last night. When I first asked the general reaction was we want our assessments to stay the same I think that is a natural reaction but when I showed them the document and talked about the process that we had a year ago and talked about those numbers I think people understood it and felt like they did not want an artificial increase. I think we have done an amazing job here of keeping it down. It is probably going to be a lot tougher next year. A lot will depend on the landscape contract and other contracts the utility rates and those things and hopefully on growth in the neighborhood.

Ms. Kiracofe asked Brian, do you see anything here that puts us at great risk?

Mr. Crumbaker responded no. The only thing I'm trying to confirm that we are down to where we need to be.

Mr. Perry responded the problem in that is since some of these items are fixed and variable. Let me make a point of clarification when we make all these changes and let's say we are short \$1,000 or \$2,000 if we reduced another line item by that amount to keep assessments at the same level I would propose that we make the adjustment under that other contingency to balance it out. We will do the calculations and get this back to you. You will see a change and we will highlight it in there.

Mr. Toothman stated it sounds like we are back to where we were and everything is great.

**THIRD ORDER OF BUSINESS**

**Public Comment**

There not being any,

On MOTION by Ms. Kiracofe seconded by Mr. Hanstein with all in favor the meeting adjourned at 6:24 p.m.