

**DIABLO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING
MINUTES
DIABLO ROOM, DIABLO COUNTRY CLUB
October 9, 2018 7:30 p.m.**

CALL TO ORDER: President Ray Brant called the meeting to order at 7:30 p.m.
ROLL CALL: Secretary Kathy Torru called the roll as follows:

Directors present: Brant, Torru, Urbelis, Langon
Directors absent: Watson

PUBLIC COMMENTS: Arlene Reed expressed her appreciation to the Board for the time and energy spent serving the District during this difficult time. Ms. Reed asked the Board to communicate with residents regarding the court ruling on October 5 and the next steps.

Winston Cervantes expressed his concern about the anticipated new lawsuit by Mr. Tiernan compelling the District to close the pedestrian cut-through path from Alameda Diablo to Mt Diablo Scenic Blvd. Mr. Cervantes and his family live on Mt Diablo Scenic Blvd. just outside the cut-through and use the cut through daily to access the rest of Diablo and the post office. Mr. Cervantes asked the District to inform him and the other Diablo residents who live on Mt Diablo Scenic Blvd in advance of any action taken by the District that would impact their use of the cut-through path.

Jeff Eorio announced that he is running for a DCSD Director position and that the Mehrans will be hosting a meet and greet on October 18 at 6:30pm at the Mehran barn for the residents of Diablo. The other three candidates have been invited to attend.

INFORMATION ITEM: Director Urbelis announced that on October 5 the Contra Costa County Superior Court agreed with the DCSD and ruled that DCSD does not have the authority to prevent the general public, including cyclists, vehicles, and pedestrians, from using Calle Arroyo.

Furthermore, the court stated that the 1993 DCSD Ordinance Code provisions that attempt to exclude the public, which are in effect and which were the focus of discussion at the Town Hall held on July 24, are illegal and unenforceable.

Given this ruling, the DCSD's involvement in the lawsuit should have concluded. However, the court granted the Plaintiffs, Tiernan et al, 30 days to add a new cause of action to the original complaint if the Plaintiffs so desire. The Plaintiffs stated at the court hearing that they want to add a new cause of action to ask the court to compel the DCSD to close the pedestrian and bicycle cut-through paths, which are on private property, to both residents and non-residents.

ACTION ITEM: On motion by Director Urbelis, second by Director Brant, the minutes of the August 14, 2018 Regular Meeting were unanimously approved by those Directors present.

REPORTS:

CONTRA COSTA COUNTY:

Alicia Nuchols reported:

The County Airbnb/short-term rental ordinance is still under review and is expected to be voted on by the Board of Supervisors in the first quarter of 2019. The ordinance would impact only the unincorporated areas of the County.

DIABLO COUNTRY CLUB:

Hank Salvo reported:

The Club had a town hall meeting in September to update members on the golf master plan, the house master plan and the water project. The membership will vote on the plans at the November annual meeting. The Club has hired a new chef.

DIABLO PROPERTY OWNERS REPORT:

Don Nejedly reported:

The DPOA will host a community pizza party Halloween evening at the Jones' residence on Alameda Diablo at 5:30 pm. The DPOA requests that the DCSD provides security to close Alameda Diablo Rd to cars from Diablo Rd to La Cadena from 6 – 8 pm to allow a safe area for children to trick or treat.

Director Brant asked that the DPOA consider eliminating golf carts from the Halloween celebration on Alameda Diablo as he believes they they pose a safety issue to pedestrians. Mr. Nejedly said he would take it back to the DPOA for consideration next year.

ROADS:

Director Langon reported:

The Mt. Diablo Challenge bike race last Sunday was attended by over 560 cyclists and all of the participants were successfully routed around Diablo by race volunteers. No incidents were reported.

A contractor finished a house on El Nido but failed to fix the curb he had cut into. Director Langon contacted the contractor and the curb was repaired.

Further down El Nido the District received complaint of construction trucks parked on both sides of the road blocking a blind curve. After contacting the contractor and then the property owner the trucks were moved to one side of the street.

Complaints were received concerning fence motion lights blinding drivers on Avenida Nueva. The homeowner was contacted and the lights have been removed.

A dead tree on the island at the corner of Club House Rd and Alameda Diablo was removed by the owner. A 6-foot stump was left as the owner plans to have a squirrel eating a nut carved into the stump. The work will be performed before the end of the year.

Several dead trees on Alameda Diablo at the Don Hoffman bridge were removed by the homeowner.

The water leak on Bella Vista was fixed by the homeowner and the entrance to Bella Vista has been repaired with new asphalt and curbs on both sides.

The stop sign at the corner of Calle Arroyo and Diablo Rd was knocked down. MCE was contacted and came out the next day to repair.

Concerns about the newly installed curbs at the house at the corners of Alameda Diablo, Avenida Nueva and Calle Los Callados have been received and the District is working with the homeowner to find a solution.

SECURITY:

Deputy Sheriff Dan Buergi presented:

The August and September Security Reports. There was a robbery of a kitchen range from an unoccupied home for sale located on upper Alameda Diablo.

There was a solo cyclist accident, with no other parties involved, and a resident custody issue.

FINANCIAL:

Director Torru presented:

The August and September Financial Reports. The District's lawsuit legal costs are approx. \$250K as of August 31 and continue to have a material impact on the District's cash flow. The District's legal costs are high due to plaintiffs' aggressive tactics. For example, Plaintiffs Discovery request included requests for any District document that contained the words "Calle Arroyo" or "Robert Tiernan." These requests required attorneys to go through 50 years of boxes and folders page by page at a cost that exceeded \$50,000 and resulted in over 20,000 pages of documents copied and provided to plaintiffs. Plaintiffs were also very aggressive with depositions. Our

attorneys requested that depositions be delayed until after the court ruled on the motion for judgement on the proceedings. Plaintiffs refused and required depositions that cost the District over \$30,000. The District's attorneys did not request any depositions. A third example is when the Plaintiffs, in the judge's words "tried to pull a fast one over the court" with a hearing in May that cost the District over \$20,000. These three examples cost the District over \$100,000 in legal fees.

At the end of September, the District had a cash balance of \$122K. The Board is closely monitoring its cash position to ensure that the District has adequate reserves on hand should an emergency occur before the District tax revenue check is received in December.

COMMENTS BY DIRECTORS: None

CALL OF NEXT MEETING/ADJOURNMENT:

The President called the next meeting for November 13, 2018. There being no further business, the President adjourned the meeting at 7:56 pm.

Diablo Community Services District by

Kathy Torru, Secretary

Diablo Community Services District
Profit and Loss Statement
3 month ended September 30, 2018

	July	August	September	YTD	Budget YTD	Prior YTD
Income						
Traffic Fines	29	0	16	46	300	177
Interest Income	6	4	2	13	15	12
Total Income	35	4	18	59	315	189
Expenses						
Sheriff Security	32,000	32,000	20,500	84,500	98,526	97,220
Road Maintenance	0	5,000	0	5,000	0	0
Gardener	100	100	100	300	300	300
General Manager	2,500	2,500	2,500	7,500	7,500	5,250
Legal	670	60,863	16,299	77,832	53,600	6,390
Audit	0	0	0	0	0	3,500
Other Professional	55	55	469	579	100	484
Legal Notices and Fees	0	50	0	50	0	0
DMAC Operating Expenses	82	0	0	82	0	0
Administrative	13	14	12	38	300	31
Depreciation Expense	755	755	755	2,266	2,265	2,266
Miscellaneous	0	0	0	0	100	409
Total Expenses	36,175	101,337	40,635	178,147	162,691	115,850
Net Income	(36,140)	(101,333)	(40,617)	(178,088)	(162,376)	(115,661)

Diablo Community Services District
Balance Sheet
September 30, 2018

	July	August	September
ASSETS			
Current Assets			
Wells Fargo Checking Acct	19,053	50,626	21,694
Wells Fargo Money Market 2	200,794	100,798	100,800
Accounts Receivable	2,200	2,200	2,200
Prepaid Expenses	11,358	11,303	11,248
Total Current Assets	233,405	164,927	135,942
Property and Equipment			
Computer Equip	5,917	5,917	5,917
Automobile	42,817	42,817	42,817
Other Fixed Assets	2,500	2,500	2,500
Accumulated Depreciation	-22,319	-23,075	-23,830
Total Property and Equipment	28,915	28,159	27,404
Other Assets			
Automobile Sinking Fund	36,833	37,833	38,833
Bridge Sinking Fund	305,000	310,000	315,000
Total Other Assets	341,833	347,833	353,833
Total Assets	604,153	540,919	517,179
LIABILITIES AND CAPITAL			
Current Liabilities			
Accounts Payable	32,100	64,200	75,076
Total Current Liabilities	32,100	64,200	75,076
Long-Term Liabilities			
Other Liabilities	341,833	347,833	353,833
Total Long-Term Liabilities	341,833	347,833	353,833
Total Liabilities	373,933	412,033	428,909
Capital			
Opening Balance Equity	1,239,979	1,239,979	1,239,979
Retained Earnings	-973,620	-973,620	-973,620
Net Income	-36,140	-137,473	-178,088
Total Capital	230,219	128,886	88,271
Total Liabilities & Capital	604,152	540,919	517,180

10/2/18

Diablo Community Services District
Cash Flow Statement
3 month ended September 30, 2018

	July	August	September	YTD
Cash Flows from operating activities				
Net Income	(36,140)	(101,333)	(40,616)	(178,089)
Adjustments to reconcile net income to net cash provided by operating activities				
Accumulated Depreciation	755	755	755	2,266
Accounts Receivable	-	-	-	-
Prepaid Expenses	55	55	55	165
Accounts Payable	32,100	32,100	10,876	75,076
Sales Tax Payable	-	-	-	-
Accrued Expenses	(90,027)	-	-	(90,027)
Total Adjustments	(57,117)	32,910	11,686	(12,521)
Net Cash provided by Operations	(93,257)	(68,423)	(28,930)	(190,610)
Cash Flows from investing activities				
Used For				
Automobile Sinking Fund	(1,000)	(1,000)	(1,000)	(3,000)
Road Sinking Fund	-	-	-	-
Bridge Sinking Fund	(5,000)	(5,000)	(5,000)	(15,000)
Other Assets	-	-	-	-
Net cash used in investing	(6,000)	(6,000)	(6,000)	(18,000)
Cash Flows from financing activities				
Proceeds From				
Other Liabilities	-	-	-	-
Other Liabilities	6,000	6,000	6,000	18,000
Opening Balance Equity	-	-	-	-
Net cash used in financing	6,000	6,000	6,000	18,000
Net increase <decrease> in cash	(93,257)	(68,423)	(28,930)	(190,610)
Summary				
Cash Balance at End of Period	219,847	151,424	122,494	122,494
Cash Balance at Beg of Period	(313,104)	(219,847)	(151,424)	(313,104)
Net Increase <Decrease> in Cash	(93,257)	(68,423)	(28,930)	(190,610)