

MINUTES OF APRIL 14, 2008 MEETING - APPROVED

**GREATER GOLDEN HILL CLEAN, GREEN, AND SAFE
MAINTENANCE ASSESSMENT DISTRICT OVERSIGHT COMMITTEE**

I. Call to Order

The meeting was called to order by Kathy Vandenheuevel, acting as chair, at 6:05 pm in the Balboa Golf Course Club House.

II. Roll Call

All members were present. Chris Blatt left prior to the motion.

III Public Announcements

The Chair, Kathy Vandenheuevel, welcomed Carole Caffey as the new committee member replacing Stan Teliczan as a Zone 2 Single Family Property Owner representative.

IV. Old Business

None.

V. New Business

Barbara Houlton moved that the minutes for March 17 be approved as amended, David Skillman seconded the motion, and it passed unanimously.

a. Subcommittee Reports

i. Budget Action Item

Robert Hansen reported for the budget subcommittee, formed at the March 17 committee meeting. He reported that after several meetings, the subcommittee had been unable to reach a consensus, and that individual members would present their concerns without comments until they had all been presented, followed by the full budget presentation by Kathy Vandenheuevel for the CDC.

1. John Kroll stated that the Ballot material explicitly states that “100% of the proposed assessment would provide funding for ...services and improvements,” and therefore the CDC expenses should come from some other source.

¹ Kathy Vandenheuevel disagrees that this is a direct quote.

2. David Skillman stated that the budget was in conflict with State of California code, which provides for any rollover to reduce the following year's assessment.
3. Barbara Houlton requested that reserve funds be set aside in accordance with the State Code, and that the City's guidelines for 15% for administration and overhead should include all CDC office expenses. Questions about this year's expenditures were also asked regarding money not included in the rollover.
4. Kathy Vanenheuvell provided the budget, a slide presentation regarding the budget, and a rationale for the budget. The budget and rationale are provided as Attachment A.

The floor was then open to general discussion.

Lisa Vella focused on the 100% for projects, ballot statement, and asked for a general statement from each individual.

There was a lengthy general discussion about the budget, about the three major objections raised, questions, answers, and budget numbers. Questions were also made about the Engineer's Reports, which will be a new version for the 2008-2009 budget. Concerning the Engineer's Report, Luis Ojeda stated that our only input would be at City Council.

Included in the discussion there were questions from Norm Starr, a member of the budget sub-committee who did not make a presentation, but wanted a determination as to whether this person would be stationed in the office or in the field.

A motion was made by Bill Hillsdorf to accept the Budget, but discussion continued before the motion was seconded. The motion was revisited at the end of the general discussion.

The following motion was made by Barbara Houlton:

"The Committee does not support the proposed budget in its entirety and individual objections will be documented and the information forwarded to the city."

The motion was seconded by David Skillman.

Bill Hillsdorf then withdrew his motion. Barbara Houlton's motion passed, 8-4, and the motion was approved. The individual positions are documented as Attachment B.

Documentation of the minority position in support of the budget is provided as Attachment C.

VI. Next Meeting Agenda

The next meeting will be Monday, April 21, at the Balboa Golf Course Club House at 6:30 pm. Kathy Vandenhuevel requested that the election of a Chairman be included in the Agenda.

VII. Adjournment

¹ Kathy Vandenhuevel disagrees that this is a direct quote.

The meeting was adjourned at 8:06.

**ATTACHMENT A
MINUTES OF APRIL 14, 2008 MEETING**

**GREATER GOLDEN HILL CLEAN, GREEN, AND SAFE
MAINTENANCE ASSESSMENT DISTRICT OVERSIGHT COMMITTEE
CDC Budget Presentation**

Maintenance Assessment District
Worksheet for Final FY2009 District Budget
Greater Golden Hill Clean, Green, and Safe
Backup Information

The Worksheet presents the CDC's proposed budget for the City's Fiscal Year 2009 (FY 2009), which is from July 1, 2008 through June 30, 2009. The PowerPoint presentation is provided in a separate file. The Engineers Report (AER) and Budget from FY 2008 was used as a starting point to come up with our proposed FY 2009 budget. This was done because 1) We have not started services and therefore, do not have actuals to base a revised budget off of, and 2) Time and Budget constraints.

The first thing that I did was focus on the administrative costs. This includes the items that are presented in the AER on page 13 except for the City Administration Fee and the Reserves (i.e., insurance, salaries/benefits, rent, office supplies, printing/copying/postage, audit/accounting/legal, and utilities.)

Due to the communities expressed concerns regarding administrative costs associated with the maintenance assessment district (MAD), CDC administrative costs have been reduced by 11% or \$10,600 from the AER. This reduction mostly comes from reducing our rent budget from \$1,000 per month to \$800 per month, annual insurance costs from \$4,000 to \$1,600 (25% of CDC's actual annual insurance costs), annual utility costs from \$5,000 to \$2,100, and annual audit/accounting/legal costs from \$8,000 to \$5,100 (based on CDC actual annual associated costs.)

The other significant differences from the AER are the City's Admin Fee, Reserves, and Contractual Services.

- The City's Admin Fee in the AER was \$16,840. However, this was incorrectly calculated in the AER and our contract with the City lists this amount for \$19,556, which is the amount I have presented in the FY 2009 budget.
- Reserves – \$21,050 in the AER. Luis Ojeda has recommended \$50,000 for our reserve amount which is the amount I have presented in the FY 2009 budget.
- Contractual Services – These include the items identified in the AER as enhanced services, canyon and trail beautification, decorations and banners, and other services. The increase amount shown in the FY 2009 budget represents the rollover money (this number was provided

¹ Kathy Vandenheuvel disagrees that this is a direct quote.

by Luis.) I have proposed to place the additional rollover money here because I believe it will give us the greatest flexibility for using these funds.

¹ Kathy Vandenheuvcl disagrees that this is a direct quote.

Other Notes:

- FY 2009 Landscaping Services – This budget includes the Basic Landscaping and Tree Maintenance budget from the AER (pg 11)
- FY 2009 Waste Removal – This budget includes the Basic Services from the AER (pgs 10 and 11)
- In written communication from Luis, he has stated that adjustments to the budget can be made throughout the year. Therefore, we will be able to make modifications as the year progresses and actuals are available.
- The executive director and executive committee have verbally approved the CDC Administrative Cost reduction of 11%.
- The CDC Board of Directors have approved this budget.
- I am meeting with Luis Ojeda on Monday afternoon, to go over our proposed budget prior to formally submitting it to the City on Tuesday that way if I have placed any items in the wrong budget category we can make those corrections prior to finalizing.
- In coordination with Bob, the Chairman of the Budget Subcommittee, I will have a five-minute presentation tonight at our MAD Oversight Committee this evening to present the proposed budget.
- The CDC's contractual deadline for submitting the budget is Tuesday, April 15th.

¹ Kathy Vandenheuvel disagrees that this is a direct quote.

**Maintenance Assessment District
Worksheet for Final FY2009 District Budget
(Greater Golden Hill Clean, Green, and Safe)**

Object Account	Program Element/Description	FY 2009 Proposed Budget		
			Sevices	Overhead/Admin Costs Only
			AER Budget 2007/2008	AER Budget 2007/2008
3101	Office Supplies	\$2,500.00		2500
3102	Postage/ Mailing	\$740.00		740
3110	District Mailings	\$2,260.00		2260
4100	Professional Serv	\$3,900.00		4000
4145	Audit Services	\$1,200.00		4000
4210	Contractual Serv	\$454,364.00	103500	N/A
4217	Landscaping Services	\$45,000.00	45000	N/A
4218	Waste Removal	\$208,000.00	208000	N/A
4251	Non-Profit 15% Admin Overhead	\$60,000.00		60000
4682	Rent Land Bldgs	\$9,600.00	356500	12000
4810	Insurance	\$1,600.00		4000
4881	City 4% Admin (Management Fund)	\$19,556.00		
	Total Supplies and Services	\$808,720.00		89500
4279	Capital Improvements Program			
5101	Electric Services	\$600.00		
5201	Telephone & Telegraph	\$400.00		
5204	Water Serv-Incl Hydr Rent	\$100.00		
5211	Cellular Phones	\$1,000.00		
	Total Utilities	\$2,100.00		5000
	Total Outlay	\$0.00		
	Total Costs / Appropriations:	\$810,820.00		
4905	Contingency Reserve	\$50,000.00		
	GRAND TOTAL	\$860,820.00		

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¹ Kathy Vandeneuvel disagrees that this is a direct quote.

**ATTACHMENT B
MINUTES OF APRIL 14, 2008 MEETING**

**GREATER GOLDEN HILL CLEAN, GREEN, AND SAFE
MAINTENANCE ASSESSMENT DISTRICT OVERSIGHT COMMITTEE**

Statements in favor of the Majority Position on the Motion of non-support for the Greater Golden Hill CDC MAD Budget For FY 2008-2009

STATEMENT FROM MICHELLE DULLEA, SINGLE FAMILY HOME DISTRICT 1:

It is apparent that the majority of the MAD committee is not pleased with the budget breakdown, most especially in the area of administration costs. We are elected officials for our community, serving as "the oversight committee" of these tax dollars. If none of us are pleased entirely as a committee, I can assure you that the community would have similar concerns. It is our responsibility to serve as one voice. Therefore, it is imperative that the City Council reconsider approving the budget as it stands, and revise it accordingly.

--Michelle Dullea

STATEMENT FROM LISA VELLA, COMMERCIAL ZONE 1:

The property owners of the Greater Golden Hill community were not been given the proper information regarding how the MAD budget was broken down. On the ballot, as well as the informational flyer that was included with the ballot, there was no reference that the Engineer's Report was the document that guided this process AND that people voting should refer to this document. I find this unfair and very misleading.

--Lisa Vella

STATEMENT FROM CAROLE CAFFEY, SINGLE FAMILY HOME DISTRICT 2:

As a MAD oversight committee member for the Greater Golden Hill MAD, I am voicing my concerns over the proposed budget that is being submitted to the City of San Diego by the non-profit managing partner, the Golden Hill CDC. My concerns are as follows:

- 1) There is substantial evidence that the use of carryover funds in the subsequent year's budget is contradictory to state law governing MAD's. The state law cited during our meeting pointed out the section of the law that calls for the carryover to be used as a credit toward the property owner's liability for the subsequent year. Instead, the proposed carryover is an estimate of almost \$372,000, 76% of the total annual projected MAD revenues. This amount has been allocated, mostly in the contractual services line item.
- 2) The fiscal year and the tax collection year are so far offset that the current proposed budget does not allow for the period of time between April and December when there will be no revenues collected. According to the July 1 thru June 30 cash flow, all monies in a budget will be

¹ Kathy Vandenneuvel disagrees that this is a direct quote.

exhausted June 30, which leaves the coffers of the MAD empty until the MAD tax is collected in December.

- 3) The administration overhead line item of the budget, a 15% fee, representative of the engineer's report, in the opinion of this committee member, is excessive.

Please accept these objections as formal objections to the budget as submitted. There has been very little time to review and propose revisions and this oversight committee seems to only be observers and not overseers. This is wrong and, in addition to the blatant violation of state law, should and will not be tolerated.

-- Carole Caffey

STATEMENT FROM NORMAN STARR, APARTMENTS 5 UNITS OR MORE, ZONE 2:

As a preamble I want to confirm that the promise that 100% of the monies collected going directly to the field swayed me to vote for the formation of the district. This document was so clearly written that it left not a hint of misinterpretation.

As I've stated at our meetings, I believe that we will need to hire someone to make sure the subcontractors are doing their job. And, this person should spend his days in the field checking on the work that is supposed to be done and the work that needs to be added into the ongoing subcontracts.

Further, I see this person working out of a small one room office with minimal facilities. His contact with the public would be very limited. He will be working under the CDC's direct supervision. And, as such, the CDC should be screening all inquiries and forwarding information to him as necessary. The CDC will be managing the bank account and writing the checks and so should be managing the reimbursements with the City. Subcontractors wouldn't get paid unless their requests for payment were presented in a form that would be acceptable to the City for reimbursement.

The budget as presented contains amounts and items that portend a substantial office and an employee who would be spending quite most of his time in the office. He would be doing mailings? There has been not a word from CDC that this would be otherwise.

In view of the gross misrepresentation in the ballot solicitation about the use of the monies, it is not only believable but also consistent that other representations and promises will be similarly regarded-- promises like our monies would not be used to replace services already provided by the City.

--Norman Starr

STATEMENT FROM JOHN KROLL, SINGLE FAMILY HOMES ZONE 2:

I cannot support the proposed budget because it contradicts a promise made to voters in the City of San Diego Official Notice and Ballot Information Guide, Greater Golden Hill Maintenance Assessment. That promise reads, "100% of the proposed assessment would provide funding for the following services and improvements." The Ballot Guide then lists 12 of them.

¹ Kathy Vandenhoevel disagrees that this is a direct quote.

Luis Ojeda of the City's Development Services Office has certified in e-mail to me that the above sentence is accurate. The budget therefore should allot 100% of the funds to those services. The CDC should look elsewhere for funds to open and furnish a separate office and for other administrative and overhead costs that the budget proposes to pay for from MAD funds.

Rosemary Downing, executive director of the CDC, has stated that "It was assumed..." and "It was understood..." that some of the funds would go for administration and overhead. I am not sure who assumed and understood that except for the CDC and its allies in City Hall. I can propose a much more likely set of assumptions. Voters knew that the CDC had an office and staff. Not knowing (as many of us do not) what the CDC actually does, voters assumed that the CDC office and staff would be enough adequate to house and administer the MAD.

Kathy Vandenhueval, president of the CDC, has acknowledged, "There are discrepancies all over the place"¹ within the Engineer's Report and between the Report and other materials. She and the CDC believe it was the voters' duty to go to the web, investigate the Engineer's Report, ignore or otherwise try to reconcile the difference between the figures in the Report and those in the Ballot Information Guide, and vote on the sole basis of the Engineer's Report. That is putting a lot of responsibility on the voters, especially when their eyes have been caught by the sentence -- a sentence not only stated but underlined and boxed -- in the Ballot Guide. With so categorical a sentence in front of them, why would voters bother to question the fine print in a source they have to search out on their own -- for no copy of the Engineer's Report was included with the ballot materials?

The responsibility instead rested on the city to clear up any discrepancies before sending materials out to voters. This is the key point. **WHETHER VOTERS SOUGHT OUT THE ENGINEER'S REPORT OR RELIED ONLY ON THE BALLOT GUIDE, THE INFORMATION IN BOTH SOURCES SHOULD BE CONSISTENT.** That is the minimum we should expect. If city officials fail to present a consistent set of facts and figures, it casts doubt on either their competence or their scruples.

If city officials had stated in the Ballot Guide, "About 80 percent of the funds will go to direct services and the rest to administration and overhead," there would be no cause to bring this up. But they didn't. Why not? One obvious reason is that 100 percent is much more appealing to voters than 80 percent. The CDC knows it. In response to community furor, they are now trying to reduce the overhead.

But the city very much wanted to get this assessment passed. That's why it sidestepped the official community review process. And that's why we shouldn't treat these discrepancies lightly, as if the city were some eccentric but beloved uncle whose odd behavior we tolerate with a shrug and a wry smile. City officials, as we've all learned to our misfortune the past few years, like to fudge facts and figures until the courts or the citizens compel them to stop.

We on this committee have a chance now to compel them to stop. We can tell the City to stick to its word. It's one small but crucial step in demanding that the City stop being duplicitous and become honest with the voters. If this causes disruption to the MAD process, so be it. If the administration and overhead is so crucial to the MAD operation, then let Ben Hueso, who found the money that allowed the CDC to skirt the official review process, find enough money somewhere else to pay for it. I recently came across a passage from Confucius that reads, "If language is not correct, then what is said is not what is meant. If what is said is not what is meant..., the people will stand about in helpless confusion." For years we in San Diego have stood about in hopeless confusion because elected officials

¹ Kathy Vandenhuevel disagrees that this is a direct quote.

and city staff do not say what they mean. Let us hold them literally to their words, for the good of this district, for the good of the City, and for the cause of honesty and plain dealing.

--John Kroll

STATEMENT FROM DAVID SKILLMAN, SINGLE FAMILY HOME ZONE 2:

The laws governing MADs clearly state that remaining funds from one fiscal year roll over to the next fiscal year, and reduce the amount of the new year's assessment by the amount rolled over. The CDC budget being submitted assumes a full assessment for 2008/2009 and then adds in the roll over from 2007/2008. This is contrary to the law.

The law does provide for a reserve roll over to pay costs incurred between July 1 and December 10 when the first property tax assessments are due. This has not been done either.

Because the CDC budget does not seem to follow the law, I cannot support it until a written opinion on this matter is obtained from the City Attorney.

--David Skillman

References (David Skillman):

City of San Diego Annual Fiscal Year 2006 Budget:

“Section 65.0212 of the City of San Diego Municipal Code provides guidance for the establishment of a Self-Managed MAD. All MADs are authorized by State Law, specifically by the “Landscape and Lighting Act of 1972” (Part 2 of Division 15 of the California Streets and Highways Code), and applicable provisions of “Proposition 218” (Article XIID of the California Constitution).”

State of California - Part 2 Landscaping and Lighting Act of 1972, Chapter 5. Financial Provisions 22655 – 22663:

22656. If there is a surplus or a deficit in the improvement fund of an assessment district at the end of any fiscal year, the surplus or deficit shall be carried forward to the next annual assessment to be levied within such district and applied as a credit or a debit, as the case may be, against such assessment.

Chapter 1. Introductory Provisions, Article 4. Reports 22565 – 22574:

22569. The estimate of the costs of the improvements for the fiscal year shall contain estimates for all of the following:

(a) The total costs for improvements to be made that year, being the total costs of constructing or installing all proposed improvements and of maintaining and servicing all existing and proposed improvements, including all incidental expenses. This may include a reserve which shall not exceed the estimated costs of maintenance and servicing to December 10 of the fiscal year, or whenever the city expects to receive its apportionment of special

¹ Kathy Vandenhoevel disagrees that this is a direct quote.

assessments and tax collections from the county, whichever is later.

(b) The amount of any surplus or deficit in the improvement fund to be carried over from a previous fiscal year.

(c) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(d) The amount, if any, of the annual installment for the fiscal year where the legislative body has ordered an assessment for the estimated cost of any improvements to be levied and collected in annual installments.

(e) The net amount to be assessed upon assessable lands within the assessment district, being the total improvement costs, as referred to in subdivision (a), increased or decreased, as the case may be, by any of the amounts referred to in subdivision (b), (c), or (d).

--David Skillman

STATEMENT FROM BARBARA HOULTON, ALL OTHER PROPERTY TYPES:

I cannot support this budget because:

- It does not allocate any money for July 1, 2009 through December 2009
- It spends more than the 15% for administration/overhead that city documents lead you to believe is the maximum
- The ballot is clear that this 15% will not be funded by the assessment.
- No explanation was provided for the \$116,000 spent this fiscal year, when no projects have been started or contracted.

I am opposed to the City Council's approval of the budget being submitted by the CDC to the City of San Diego.

Reserves. No money comes in after April and before December 10, the dates when taxes are collected. Money must be set aside to spend in 2009 when no assessments are being collected. The city fiscal year is July 1-June 30. Assessments are collected in December and April. There is a mismatch between when the assessments are collected and the dates of the fiscal year. Funds must be planned for the time from the start of the FY (July) through December, because funds are collected in the prior (fiscal) year. Each year, a reserve must be set aside for the following year from the money that is collected in April.

The CDC refused to set aside these reserves in the budget. They will spend it all next year. If the CDC needs money before December the next year, they stated that they will borrow it from other CDC projects or the City will advance it. Luis Ojeda did not recognize the direction in the state law which encourages a carryover funds for a six month, \$244,0000 reserve for the following year be integrated into the budget.

The State permits:

“a reserve which shall not exceed the estimated cost of maintenance and servicing to December 10 of the fiscal year or whenever the city expects to receive its apportionment...”

The state code recognizes this difference between the times taxes are collected and the fiscal year. As a result of not spending any money in FY 2007-2008 this is a side effect for the upcoming fiscal year. This is not true for the next year.

¹ Kathy Vandenhoevel disagrees that this is a direct quote.

There is no money for July 1, 2009 through December 30, 2009. The CDC budget for spending should be reduced by this \$244,000 in a reserve account.

15% for administration. The CDC is not limited to 15%, contrary to what we are told by the city in writing. The CDC has close to a million dollars to spend as a result of not doing any projects this year. Their contract with the city allows them 15% for salaries, and separate funds for all other expenses—rent, utilities, telephones, computers, desks, insurance. The lack of reserve effectively doubles the CDC funds available in one year only. The City budgeting guidelines limits administrative overhead to 15%. It appears in the budget as: **Non-Profit 15% Admin Overhead**, The budget presented by the CDC on the city form clearly shows what is considered to be outside the 15%. Here is a list of things that are NOT considered administrative-overhead by the city:

Office Supplies, Postage/ Mailing, District Mailings, Cleaning & Janitorial Sup, Other Materials, Other Misc Supplies, Unclas Mat & Supp, Professional Serv, Audit Services, Misc Services, Cont Serv -City Force, Reimbursement Agreements, Fringe O/H Contractors, Photocopy Xerox, Training, 1 Day Trips-Less Than 200 Miles, Travel-Training, Training, Rent Land Bldgs, Leasing/Purchase, Insurance, Fidelity & Gen Ins, Other Insurance, City 4% Admin (Management Fund), Equipment Depreciation

There are no limits on these office expenses in the CDC/City of San Diego contract. The terms of the City/CDC contract and what the city tells us is its policy do not match. Following is what the city budget information leads us to believe:

City Budget Regulations:

FY2008 Agreements with Self-Managed Maintenance Assessment Districts, June 25, 2007, EXECUTIVE SUMMARY: The Associations will be compensated for administration in an amount not to exceed 15% of the total approved assessments for FY08.

City of San Diego Self-Managed Maintenance Assessment Districts (I. 124): "The selected non-profit corporation agrees to manage and procure all enhanced services for a budgeted fee which cannot exceed fifteen percent of total annual assessments."

The voters did not provide their money to fund a CDC office staff. I cannot vote to support a CDC budget that spends more for office expenses than 15% of the annual assessment.

Ballot information. In addition to restricting the expenses to 15%, I also support the position that these funds should come from another source, or another election should be held with true statements appearing on the ballot.

What has already been spent. This district with the CDC as the administrator was approved in August 2007. No project has been undertaken, but \$116,000 is not being rolled over to the following year. No information has been provided about this \$116,000 out of \$488,000 for FY 2007-2008.

Summary: Office expenses should come second to projects. The budget should provide for prudent cash flow. The CDC should be limited to 15% for its expenses. The City should live up to what it presented to voters on the ballot.

--Barbara Houlton

¹ Kathy Vandenheuvell disagrees that this is a direct quote.

References:

- *City of San Diego Greater Golden Hill Maintenance Assessment District Engineer's Report, April 2007*
- *San Diego Municipal Code, Article 5: Street Lighting, Landscaping and other public Facility Procedures, Division 2: Maintenance Assessment Districts*
- *Self Managed Maintenance Assessment Districts, City of San Diego Annual Fiscal Year 2006*
- *Self Managed Maintenance Assessment Districts, City of San Diego Annual Fiscal Year 2007*
- *Maintenance Assessment Districts, Park & Recreation, The City of San Diego*
- *California Streets and Highway Code Landscape and Lighting Act of 1972, 22500-22679.*
- *City of San Diego Official Notice and Ballot Information Guide, Greater Golden Hill Maintenance Assessment*

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**ATTACHMENT C
MINUTES OF APRIL 14, 2008 MEETING**

**GREATER GOLDEN HILL CLEAN, GREEN, AND SAFE
MAINTENANCE ASSESSMENT DISTRICT OVERSIGHT COMMITTEE**

**Minority Position Statement of Support for the Greater Golden Hill
CDC MAD Budget For FY 2008-2009 Budget**

**STATEMENT FROM KATHY VANDENHEUVEL, GG CDC PRESIDENT AND GG CDC
COMMITTEE MEMBER:**

The CDC was contractually obligated to submit a budget to the City of San Diego for FY2009 by April 15th. We had attempted to gain support and guidance in putting the budget together through the Budget Subcommittee. Since the Budget Subcommittee could not reach a consensus on the budget, it was decided by the Committee that the CDC put together the budget based on the engineer's report and submit it to the whole committee and let them vote as to whether or not they would support it.

Due to the communities expressed concerns regarding administrative costs associated with the maintenance assessment district (MAD), CDC administrative costs have been reduced by 11% or \$10,600 from the 2008 Engineer's Report (AER). The CDC has shown a commitment to reducing overhead costs as much as possible while providing the level of services our community voted for. It is not plausible to assume these services can be administered without valid administrative costs. Many of the objections presented by members of the Oversight Committee pertain to individual interpretation of State law. These interpretations have been contrary to direction provided to the CDC by the City of San Diego (City). As it is not within the scope of professional expertise of the oversight committee to interpret State law, questions regarding the applicability to specific state laws should be submitted to the City Attorney for clarification. The CDC is under contract with the City and will continue to follow the direction provided by the City.

--Kathy Vandenneuvel

STATEMENT FROM ROBERT HANSEN, 2 TO 4 UNITS, ZONE 2:

I believed that the purpose of the budget subcommittee was to craft a budget that met the requirements of the Engineers Report, contained the members priorities of work to be done and was prepared in the format requested by the City of San Diego. That budget would be advisory to the GGHCDC for their required submission to the City.

At the outset I distributed a draft work plan and set of budget assumptions and invited the oversight committee members to add their thoughts. There were no inputs even though the issues that prevented the subcommittee from agreeing on a budget were known at that time.

The budget presented by Kathy was the product of
1)the subcommittee's work in identifying the amount of FY2007-8 funds that would be available for next fiscal year in addition to next year's assessments,

¹ Kathy Vandenneuvel disagrees that this is a direct quote.

- 2) CDC's estimates of admin/overhead type costs in an effort to reduce the amounts contained in the Engineers Report and
- 3) conforming to our understanding of the requirements contained in the Engineers Report.

The subcommittee was not able to support a budget not because of its content but for reasons that were beyond the subcommittee's scope/authority to resolve: the legal issue of rollover funds/annual assessment, 100% to fund work, etc.

Those are legitimate issues that need to be addressed. Perhaps it was good to raise them at this level in the process to get further attention in the future. But I regret that the subcommittee did not take advantage of this opportunity to provide thoughtful input into the identification of the actual work to be accomplished. That work still needs to be done and I hope that it can proceed now that the other issues have been presented to the Oversight Committee.

--Robert Hansen