

WALLACE COMMUNITY SERVICES DISTRICT

P.O. BOX 398
Wallace, CA 95254

MINUTES

Regular Meeting of the Board of Directors

October 12, 2006

Meeting Place:

Mark Fusselman's Barn, 9500 Wallace Lake Drive, Wallace, Ca 95254

1. **ROLL CALL.** President, Charles Cantoni called the meeting to order at 6:33 PM. Directors present were Charles Cantoni, Mark Fusselman, Rick Guantone, Cathryn Jackson, and Bill Pugh. Also present was Jackie Neill, Administrative Assistant.
2. **APPROVAL OF MINUTES.**
The Minutes of the August 29, 2006 Special Meeting were approved as corrected. The Minutes of the September 14, 2006 Regular Meeting were approved as written. The Minutes of the September 29, 2006 Special Meeting were approved as written.
3. **PUBLIC COMMENT.**
Mr. Howen spoke about construction on Cormorant with no erosion control. He also questioned the Board's actions relative to the Brown Act. Mr. Howen then read a statement about the newspaper article reporting an FBI investigation into Wallace Service District, in which he stated 3 or 4 past and present Directors have deficiencies in their Form 700's.
Director Cantoni stated the Board had discovered that 2 current Directors did not fill out the required Form 700 and that is being corrected. Mr. Cantoni also reported that the District's Legal Firm was rewriting an Ethic's Policy for Special Districts and that the revision will be available at the next Regular Meeting.
Director Jackson reviewed the specifics of filing Form 700's for the Board.
Ahmad Al-Ruosan spoke about lots within WLE Unit 1. He discussed the County's suggestion that he delay acting on his TSTM as the County will require a full EIR for his project as well as the Remainder Parcel. Mr. Ruosan also asked that the gate be opened 2 hours earlier on the weekend in order to facilitate selling homes in the subdivision. Mr. Ruosan also disputed any legal charge incurred to produce the letter he had requested at the last meeting.
4. **GENERAL MANAGER'S REPORT.**
General Manager, Gary DeJesus, was on vacation, therefore Director reported on the successful completion of water pressure repairs on Willet Ct.
Director Cantoni reported Roark Weber was soliciting bids for drilling a monitoring well. Mr. Weber believes the District can save some money by getting additional bids.
5. **COMMITTEE REPORTS**
A. Gates/Roads Committee
Roads - Director Pugh reported that slurry sealing will be done on Goshawk Ct. on Friday, October 20, 2006. CPM will also be sealing cracks in the rest of the subdivision.

An estimate to repair Willet Ct. had also been obtained. Director Pugh gave the estimate to the Director's and recused himself from the vote as he lives on Willet Ct. Audience member, Larry Howen suggested Board Members should not be too cautious in recusing themselves from votes.

Director Jackson advised the Board of large bills in the upcoming months. Director Cantoni stated that Roark Weber had advised preserving the roads for the winter. Director Guantone expressed concern about the \$25,000 limit for no bid work and Director Cantoni concurred. There will not be road work on Willet court on October 20, 2006. Director Cantoni congratulated Director Pugh on the road repair project.

Gates - Director Guantone asked if a questionnaire was going to be sent out about gate hours. Director Pugh stated the District is not in the business of selling houses. Director Cantoni felt a questionnaire should be sent and Director Jackson said it could be included in the monthly bills. A questionnaire will be prepared by Director Pugh.

B. Lake/Open Space Committee

Director Fusselman stated no Lake Committee meeting had been held and asked for clarification about the bid process for work over \$25,000. Larry Howen suggested asking the District's Attorney.

After discussion there was motion to approve dam repair with qualified bidder with the money supplied by the Developer (\$40,000) pending Legal advice.

Motion: Mark Fusselman Second: Rick Guantone Unanimous

C. Finance Committee

There was no meeting of the Finance Committee. Director Jackson passed out the monthly financial reports from the bookkeeper and discussed overruns in maintenance and repair costs as well as office supplies. Director Jackson expressed concern that there were only 6 lots left to be built on in WLE Unit 1 and with the delay in the County approval of the Remainder Parcel the District is likely to miss projected income.

There was a discussion about the need to purchase software for the Utility Billing.

Director Cantoni reported that the software they had found interfaces with Quik Books. A motion to purchase software and a computer for the District was made not to exceed \$2,500.

Motion: Cathryn Jackson Second: Bill Pugh Unanimous

D. Ad Hoc Negotiation Committee

Directors Cantoni and Fusselman are the members of the Districts Ad Hoc Committee that will be re-negotiating the Remainder Parcel Will-Serve Agreement. The District's Legal Counsel, Michael McGrew advised the Board a motion will be needed to approve the request that Roark Weber approve grading on the Remainder Parcel rather than the County.

Motion: Bill Pugh Second: Rick Guantone Unanimous

6. PRESIDENT'S REPORT

President Cantoni reported on the request to reassign the Will-Serve Agreement from John D. Reynen LLC to Reynen & Bardis Communities. Mr. Cantoni stated RB has not agreed to re negotiate the contract. Murray Lind wants to study exactly what type of sewer plant and what size. Director Cantoni also stated the \$800.00 assessment should begin with the start of infrastructure. Director Guantone suggested the assessment begin with the approval of the Tentative Subdivision Tract Map. Director Jackson stated we have a strong contract and she is not in favor of reassignment until the Board has reviewed any changes to that contract. Director Cantoni also stated he is in favor of

preserving the timing of the original contract. A motion was made to not approve the reassignment until RB is willing to enter into negotiations.

Motion: Jackson Second: Pugh Unanimous.

Director Cantoni reported District financials on a cumulative basis for 3 months shows the District is up in budgeted income, however we are going into a period when the volumetric income drops. Mr. Cantoni proposed borrowing the \$24,000 for road repair from the Sewer Reserves to be paid back out of next year's assessment income. Director Jackson stated the District must prove the money can be paid back with interest and also that there is sufficient money left in Reserves to fund a serious emergency.

A motion was made to authorize the Finance Committee to explore borrowing the money and do so if possible.

Motion: Chuck Cantoni Second: Bill Pugh Passed 4-1 No: Cathryn Jackson

7. **CONSENT TO APPROVE BILLS FOR PAYMENT.**

Director Jackson pointed out the large deposit amount was due to a Funds Transfer from the County to cover expenses. Checks #3528-#3548 were approved

Motion: Jackson Second: Guantone Unanimous

8. **HEARING, RESOLUTION TO AMEND WATER AND SEWER ORDINANCES**

Director Cantoni opened the public hearing amending the sewer and water codes 98-02 and 98-03 to raise the CICF to \$3,000 for water connection and \$3,000 for sewer connection. It was pointed out that a notice of the amendments to the codes had been published in the Calaveras Enterprise and the effective date shall be 30 days from passage of the Ordinance. Director Cantoni stated the change was recommended in line with the CIP.

A motion was made to close the discussion.

Moved: Bill Pugh Second: Rick Guantone Unanimous

A motion was made to approve the Ordinance

Moved: Rick Guantone Second: Bill Pugh Passed 4-1 No: Cathryn Jackson

9. **ACTION ITEMS.**

A. Report, Water & Sewer Allocation Standards

There was a discussion about an analysis done on the water system that concluded there were approximately 180 water connections available on the system. This would require running the treatment plant at full capacity and using well #3 or a combination of more than one of the District's wells as well 2 does not have the ability to pump a sufficient amount of water. On the sewer side the maximum week and month have not been figured and the District's Engineering Firm is working on these calculations.

B. Application for Sewer Service – Terri Vance, Paula Davis

Director Cantoni spoke to Jeff Allen and Mr. Allen outlined how the work could be done. The District will need access easements and Backflow devices will need to be installed on both tanks. The District has already allocated these connections in the 162 total and therefore a motion was made to provide service to both Terri Vance and Paula Davis.

Motion: Cathryn Jackson Second: Bill Pugh Unanimous

C. LPG Planning

The planned meeting with Campora was rescheduled.

D. Adoption of WCSO Policies, Amendment to Governance Guidelines

The Directors reviewed several additions to the Policy Handbook. The Board will formally adopt these at the next meeting as the District's Legal Counsel is preparing a Conflict of Interest statement for the Book.

E. Facility/Operations Manager

Director Cantoni reviewed some of the resumes that were submitted for filling the vacancy in the General Manager's Position. There was also a discussion about the pending vacancy in the Bookkeeper position.

Director Jackson questioned Director Cantoni's proposal that RB Homes will fund a full time General Manager for the District. Ms Jackson stated she felt that was a clear conflict of interest. Director Cantoni said it was done all the time and then District's Legal Counsel said the money to fund this position could be called an Administrative Fee.

F. Office Rental

Director Cantoni stated the District is waiting for Lynn Smith to get back to them concerning the trailer rental.

10. DISCUSSION ITEM

A. Status of Remainder Parcel Development

Director Cantoni reported on the new pump installed in well #3 by RB Homes. Mr. Cantoni said the next step was for RB Homes to prove the water was treatable. Director Cantoni stated RB Homes was requesting a change in the feedback the District had given to the County regarding the TSTM for the Remainder Parcel. These things would be addressed in the renegotiation process.

11. DIRECTOR'S COMMENTS

The Directors discussed non agenda items.

12. CORRESPONDENCE

The Directors were given their copy of Judy Hoag's resignation letter.

13. ADJOURNMENT TO THE NEXT REGULAR MEETING, THURSDAY, NOVEMBER 14, 2006

Motion to adjourn: 11:18 PM.

Respectfully submitted,
FINAL MINUTES

Jackie Neill, Administrative Assistant

Charles Cantoni, President, WCSD