

WALLACE COMMUNITY SERVICES DISTRICT

P.O. BOX 398
Wallace, CA 95254

MINUTES

Regular Meeting of the Board of Directors

September 14, 2006

Meeting Place:

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

1. ROLL CALL.

Interim President Charles Cantoni called the meeting to order at 7:03 PM. Directors present were Charles Cantoni, Mark Fusselman, Rick Guantone, Cathryn Jackson, and William Pugh. Also present were General Manager, Gary DeJesus and Administrative Assistant, Jackie Neill.

2. PUBLIC COMMENT.

An audience member passed out documents to the Board Members. Holding up a map he explained how Larry Howen's property was bordered on three sides by Johnston/Reynen property. He continued to explain to the board that he was not given the 40 units of water and sewer he requested because he was told by Mr. Howen and the District's Legal Counsel that there were no connections. 40 units were subsequently given to Jim Johnston for Mokelumne Oaks. The audience member further stated that Larry Howen had not disclosed this property purchase on his form 700 and asked the Board to do a full investigation. He also requested this issue be put on next month's agenda.

Director Jackson said she would be willing to do anything to get this poisonous cloud off the current Board.

Director Cantoni stated he talked to District Legal Counsel, Michael McGrew, and Mr. McGrew said the Board has no purview over this issue. Mr. Cantoni stated he would speak to the Attorney again and discuss putting this item on the agenda.

The audience member stated that Mr. Howen was the architect of both agreements (Mokelumne Oaks and the Remainder Parcel) and both agreements were now in question. He suggested that the Board ask Michael McGrew if his law firm does not now have a conflict of interest as it was Ms. Watkins who ordered the Sigfried Report.

Director Pugh stated he was embarrassed and ashamed that Larry Howen was being convicted without evidence.

Director Jackson stated the Board has promised to be open and honest. We can

draw a line in the sand by adopting a code of ethics.

Another audience member stated he would like a written explanation as to why the Board did not act on his application for water/sewer service for over a year while they were processing other applications.

Director Cantoni stated that his application was turned over in September and with the turn-over on the Board it had been overlooked. Mr. Cantoni stated as soon as we realized you had submitted an application we acted on it. Director Cantoni apologized. The audience member asked again for a written explanation.

An audience member spoke about the lack of water pressure on Willit Ct. General Manager, Gary DeJesus said he would test with a pressure gauge to find out exactly where the problems were. Mr. DeJesus said he would need a little time to make the correct fittings that could then be used by the District to test for any future problems.

3. APPROVAL OF MINUTES.

The Minutes of August 10, 2006 were approved as corrected.

Motion: Bill Pugh Second: Cathryn Jackson Unanimous

4. GENERAL MANAGERS REPORT.

General Manager, Gary DeJesus, reviewed the letter from DHS and described a problem at the water treatment plant. Cooper Controls can supply the fix to the possible overdose of potassium permanganate for \$3,583.00. Mr. DeJesus advised the Board that this should be done before replying to the DHS letter.

Director Guantone asked about a digital flow meter so that well flows can be monitored from outside the plant. Mr. DeJesus stated that it is possible, if the Directors are serious, to add that equipment later. Director Pugh stated he felt it was important to solve the problem first. Director Cantoni stated assuming the Remainder Parcel is going to happen we should do the minimum now because water improvements will be done by the Developer. The Board approved the purchase.

Moved: Rick Guantone Second: Bill Pugh Unanimous

Director Cantoni stated the money for this purchase could be taken from Capital Improvement.

Mr. DeJesus reported he obtained a cleaning estimate for the water storage tanks. He reported the District Engineer was asked to put together a package in 2004 to get an estimate. Mr. DeJesus stated he highly recommends that the tank cleaning is

done before sending any studies to DHS. Mr. DeJesus said that the cleaning could be done for under \$6,000.00 and it does not require taking the tanks out of service. The Board approved the expenditure for the tank cleaning

Moved: Rick Guantone Second: Bill Pugh Unanimous

Mr. DeJesus reported waste water treatment problems, the sludge transfer system was not working. He has obtained an estimate to replace the racks which are causing the voltage problems that are causing the problems at the sewer plant. The Board approved the expenditure of \$1699.00 for the replacement of the Rack

Motion: Bill Pugh Second: Rick Guantone Unanimous

Mr. DeJesus reported on the repairs done to the bio blower lines at the sewer plant and said all repairs were done in accordance with all state laws. He also reported on the pumps that need to be replaced and has an estimate of \$696.00. The Board approved the expenditure.

Motion: Bill Pugh Second: Rick Guantone Unanimous

The monitoring well next to the north entrance will need to be replaced as part of the waste water permit. BSK has given an estimate of \$11,785. Mr. DeJesus recommends getting Weber Ghio to request a bid from other firms as he feels the District may be able to save some money.

Mr. DeJesus reported he will not be attending the October Board of Director's Meeting as he will be out of town. He told the Directors he would be preparing his report.

Mr. DeJesus then told the Directors that he had worked for the District for 10 years and in the beginning the District had 30 customers. He stated the District now has 94 customers and the amount of time required to do his job has increased. "This is job, now, with developers and increased population that will require a full time person or two part time people. I am resigning effective November 30, 2006 and I will help train my replacement."

Director Cantoni stated the Board wants to thank Mr. DeJesus.

5. COMMITTEE REPORTS.

A. Gate/Road Committee.

Committee Chairman Bill Pugh reported the gates will now be open from noon to 4PM on all Federal Holidays. Mr. Pugh also noted the eventual need to reprogram the gate and the resident's remotes to stop unauthorized access.

The alligating and crack sealing of the road was discussed Mr. Pugh discussed several bids for different types of work on the roads. Director Guantone stated we need to deal with the roads right now to save as much as we can with a cap on repair costs of \$25,000.00.

B. Lake/Open Space Committee.

Director Fusselman stated he had a list of proposed contractors for the repair of the dam. Director Cantoni stated he received a call from Murray Lind who is in the process of putting a \$40,000.00 non refundable escrow account for repair of the dam.

Director Fusselman stated the members present at the Lake Committee meeting had heard rumors and due to lack of interest and lack of funds the Lake Committee has decided to take no further action.

Director Cantoni stated he was tired of everyone thinking this District runs on rumors. The Will-Serve Agreement stands. We can not be influenced by “fits and starts”. Plan B is an exercise, we have not changed the CIP. The Lake Committee does have a budget and is a Committee.

Director Fusselman stated until we know if there is money there may not be a need for the Committee to meet.

Director Cantoni recommended that the Committee continue to meet and propose projects.

An audience member recommended \$40,000.00 from each of the 40 homes to be built on the Remainder Parcel be put directly into the District’s account then the money would be there for the new sewer plant and repairs.

Director Cantoni stated the Will-Serve agreement calls for the Developer to build the new sewer plant the District will get the connection fees and the Developer will be paid back by the capacity charges. Mr. Cantoni said the connection fees are collected upfront.

C. Finance Committee.

The Finance Committee report will now be divided bookkeepers Financials from Director Cantoni’s pro forma financials to avoid confusion.

Director Jackson reported there is \$111,000.00 in the County General Fund, \$25,000.00 was moved in July to cover expenses and there will be no property tax money until January. Ms Jackson stated she would like to do a calibration of the budget on a 90 day cycle.

D. Ad Hoc LPG Committee.

Director Fusselman reported the LPG meeting had been canceled and needed to be rescheduled.

6. PRESIDENTS REPORT.

Director Cantoni reported on his financial analysis and the August pro forma results. He reported a July surplus of \$13,000.00 and an August surplus of \$16,000.00. Mr. Cantoni stated that WWTP repairs are impacting the budget.

Director Cantoni stated we are going to have to watch expenses, we may have to borrow from the sewer funds.

Director Jackson stated that the total property tax income will be approximately \$71,000 the big expense is maintenance and repair and we have spent half the budgeted amount in two months.

Director Cantoni reported Mr. Reiswig wants to encroach behind Lot 44. Mr. Reiswig plans to cover the retaining walls with a 2 to 1 slope and landscape. He plans to leave the walls in place and create a culvert for drainage. Mr. Cantoni stated there will be erosion controls in place and the District Engineer will inspect. The Board approved the encroachment.

Moved: Rick Guantone Second: Cathryn Jackson Unanimous

7. CONSENT TO APPROVE BILLS FOR PAYMENT.

Director Jackson presented bills for payment Check numbers 3513-3527 in the amount of \$27,788.62 however developer deposit returns leave the actual total at \$16,905.99. The Directors approved payment of bills.

Moved: Rick Guantone Second: Bill Pugh Unanimous

Director Jackson also reported on work done for Duane Bechtel. The District received a \$750.00 encroachment and Mr. Bechthold will be billed for the balance.

8. ACTION ITEMS.

A. Report on Water and Sewer Allocation Standards.

Director Cantoni stated the Sigfried report put water consumption at 500 gallons per day per EDU and used 2 as the multiplier therefore stating the District had 200 water connections. The new data uses a 3.8 multiplier times the maximum day demand which gives the District 100 water connections. Mr. Cantoni said, "By this data and the 3.8 multiplier, if we

accept this 3.8 factor, we have way overcommitted.” Mr. Cantoni stated that the numbers supplied on the sewer allocations were incomplete and Roark Weber needed to be tasked to finish the project. The Board approved the task order to the Engineer.

Moved: Bill Pugh Second: Rick Guantone Unanimous

B. Request for Sewer Service, Ms Terry Vance/Paula Davis.

A discussion of a possible main-line extension for Terry Vance and Paula Davis with the requirement of an encroachment permit fee of \$250.00. Director Pugh asked the age of the septic tanks (5 years). Director Cantoni stated the District Engineer, Roark Weber would be involved but the process should be straight forward. Mr. Cantoni said “The question is do we have the connections?” A goal was set for the next regular meeting to have an answer for Ms. Vance and Ms. Davis on the availability of connections. Another option was discussed that could possibly avoid the main-line extension. Mr. Cantoni will speak with Roark Weber before the next regular meeting.

C. Water System Baseline Evaluation.

ENGEO proposes two monitoring wells and the District will need to set the level of deposit for the Encroachment Permit. A refundable fee of \$2000.00 was set.

Moved: Bill Pugh Second: Cathryn Jackson Unanimous

ENGEO wants to do a draw down test. They will be pulling the pump and cleaning the casing. The pump will be replaced with a 200 HP motor that can be geared down.

Dave Remick of DHS has reclassified Well #3 as an emergency well. Director Cantoni stated the remedy for that is to prove the water from well 3 can be treated for excess iron and manganese. The permit will need to be amended.

Director Cantoni reported Murray Lind will be working with Pureflow to prove they can treat the water in well 3. Mr. Cantoni recommended the written plan be approved.

Motion: Chuck Cantoni Second: Mark Fusselman Unanimous

D. Approval of Sterling Builders Plan Check.

ABEYED

E. Emergency/Disaster Response Plan.

Mr. DeJesus stated the EDRP needs to be expanded to include chlorine gas. Director Cantoni feels the Board should go to DHS first. Director Guantone stated the plan should be more encompassing.

F. Office Rental.

Director Cantoni reported power was available, the circuit breaker box would need to be fixed. Water could be accessed by tapping the water on Hyack's property as very little water would be needed. Directors Cantoni and Fusselman will investigate the possibility of renting or purchasing the trailer as temporary office space for the District.

G. Suggested Conflict of Interest Policy for WCSD.

Director Jackson passed to the Directors a suggested Conflict of Interest Policy. Ms Jackson stated it was for the purpose of stating, "How we do business". Ms. Jackson said the need for this policy was obvious earlier tonight. Director Jackson went through the different parts of the policy including the statements that the District was a community based District with open communications and parity of treatment. Ms Jackson said the difference between this and Resolution 97-01 is we will take more control over how we do business. She also spoke of the requirement for the District to retain copies of Director's for 700.

Director Guantone stated he needed more time to study the materials.

Director Cantoni stated the Directors would need to obtain advice from legal counsel before adopting the policy.

Director Jackson stated the purpose is for the protection of the Board.

Director Cantoni stated he did not agree that the District should hire another law firm to represent the Board on Will Serve Agreements. Mr. Cantoni said if we want to look at a code of ethics we will need to get our Law Firm to look at it.

Director Jackson said, "I really hoped for us, a way to demonstrate we are open and honest." Ms. Jackson asked the Board for copies of their form 700. She asked that the Board move toward modifying the Governance Guidelines.

9. CORRESPONDENCE.

Rick Engineering has requested that Roark Weber perform the grading plan check for the County. R& B will pay all Engineering costs for this service. Director Cantoni will check with Legal.

10. DIRECTORS COMMENTS.

The Directors had brief comments and questions for each other.

11. ADJOURNMENT TO THE NEXT REGULAR MEETING-OCTOBER 12, 2006.

The meeting was adjourned at 11:33 PM.

Respectfully submitted,
FINAL MINUTES

Jackie Neill, Administrative Assistant

Charles Cantoni, President, WCSD