

WALLACE COMMUNITY SERVICES DISTRICT

P.O. BOX 398
Wallace, CA 95254

MINUTES

Special Meeting of the Board of Directors

February 23, 2006

Meeting Place:

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

- 1. ROLL CALL.** Vice President, Charles Cantoni called the meeting to order at 7:04 PM. Directors present were Charles Cantoni, Mark Fusselman, Cathryn Jackson, and Bill Pugh. Also present were Developers representatives John Barsotti, Murray Lind, and Jim Johnston, and WCSD Legal Counsel, Michael McGrew. Audience member Jackie Neill agreed to take minutes for the meeting. Retired EBMUD manager Dennis McCord was in attendance to offer information from his area of expertise. President Lowell (Scotty) Reiswig was absent due to illness.
- 2. SURFACE WATER FOR WALLACE COMMUNITY SERVICES DISTRICT.**

The purpose of this special meeting is to inform the District Board Members and the public of the issues surrounding the conceptual plan to construct a surface water treatment plant at Camanche South Shore.

Director, Charles Cantoni prepared a handout for Directors and the public to outline significant aspects of the proposed plan. (see attachment 1) He began by discussing the driving factors for this project, first from WCSD's perspective then from the perspective of LAFCO (Local Agency Formation Commission) and finally the alternative of drawing water from Camanche Reservoir.

Included in the discussion were driving factors for Amador County (ACWA) and Calaveras County Water District (CCWD) as well as Department of Health Services (DHS) and Developer John Reynen who intends to construct 600 to 700 homes on the property known as Higgins Ranch.

The history of the Camanche South Shore Water Treatment Plant (CSSWTP) was reviewed and Dennis McCord, retired EBMUD manager, said EBMUD would not sell water unless it benefits EBMUD. Water availability and cost of that water was a consideration as well as who would run the plant. EBMUD's loaded cost to run the plant is \$65 per hour however CCWD or ACWA could do it cheaper. 2,000,000 gallons per day would be produced by the plant. This was originally a project of CCWD and was supposed to supply water, in dry years, to Jenny Lind. The plant design is 9 years old and cost \$17,000,000 (9 years ago). AWCA is ready to go and WCSD applied for the water rights with John Reynen. The Water Reservations

must be turned into Water Rights in order for this project to go forward. CCWD, in the conceptual plan wants to divert some of this water to Burson which is along the pipeline.

Gary DeJesus said EBMUD is faced with ever changing regulations as is WCSD. They are improving their plant because they have to improve it.

Chuck Cantoni said, "Higgins Ranch exists, Reynen owns it and plans to develop it." By the time surface water is available we will have Wallace Lake Estates Unit 1 completed and probably the remainder parcel" Mr. Cantoni asked Reynen's representative when construction would begin at Higgins Ranch. Murray Lind said that it would take two years to Re-zone the land and the first house would need water in two and a half to three years.

Reynen's representatives were then asked about the remainder parcel and Mr. Lind said that they expected a public hearing within 60 to 90 days to obtain the final map then construction could begin in the fall of this year.

When asked about the new sewer plant Mr. Lind said that it would take 12 to 18 months to have the plant up and running.

Gary DeJesus asked, "Why is Reyen looking to annex to our District".

Murray Lind responded, "We are currently in this district and we are replacing your aging sewer plant." As an individual developer we would not have the same clout as an existing District."

Michael McGrew said, "LAFCO prefers annexation rather than separate districts".

Gary DeJesus asked about the value to the developer that the District already exists and asked why the District did not cash in on that value.

Mr. McGrew said "New people who annex to the District can not be forced to pay for what already exists in the District." Mr. McGrew further stated that previous meetings with LAFCO showed LAFCO is aware of the fact that the District needs additional money and surface water. Gary DeJesus was concerned that surface water was not as reliable as well water especially in drought years. Michael McGrew said that it was not a question of which is more reliable because the CSSWTP would mean WCSD had both surface and ground water.

Gary DeJesus asked where we are in the process because he could not locate anything on EBMUD's website that discusses this project. Dennis McCord said "for political reasons" there would not be anything available on the website.

Charles Cantoni stated that we are in the conceptual process with CCWD. The design study has been done. The written application is essentially a letter of intent.

Michael McGrew said that final approval of these contracts will be by board vote only. Charles Cantoni said there will be more public meetings/workshops as this process “fleshes out.”

In response to the Utilization of capacity (page 17 of exhibit 1) John Barsotti stated that a more accurate figure would be 700/day and that the .5 MGD does not portion out the percentage that CCWD is going to take. Barsotti said the presumption for sewer capacity has also changed and that we now can assume 203 to 225 units available.

When asked about timelines for Mokelumne Oaks Murray Lind said that there is a conflict on that project because of existing wetlands.

An audience member questioned how the board could enter into an agreement on the Mokelumne Oaks property that before the purchase of the Remainder Parcel was not contiguous with Wallace Lake Estates. There was a discussion about Sphere of Influence and Annexation, Charles Cantoni said, “The Board will get copies of the LAFCO documents.

Director, Cathryn Jackson asked if there were APN numbers for Mokelumne Oaks and Murray Lind, said “If we owe money we will pay it.”

Dennis McCord said that the high end water charge from EBMUD is \$100 an acre foot and explained that an acre foot of water was 320,000 gallons. That cost would be added to our share (1/4 of running CSSWTP. Charles Cantoni said, ”The worst thing we can do is to agree to something that will bust the District.”

“CCWD met today and I assume they have approved our application. The next step is to draft agreements”, said Mr. Cantoni.

Charles Cantoni then read some comments e-mailed by Roark Weber. Mr. Weber wrote that CCWD typically looks to expand their water service area but not wastewater. He said he was not aware of any interest in Wallace. He suggested that the Board invite CCWD District Director Jeff Davidson to a meeting and request information on the CSSWTP. Mr. Weber also expressed concern about standby operations at our current water treatment plant and suggested that Gary DeJesus be asked to provide information on those specific problems. Roark Weber listed seven things the District should study before they allow the plan to go forward:

1. Regulatory issues
2. Time frame for construction and water availability for the new units
3. Operational issues (short term shut down) and who owns the facility
4. Alternatives for surface water (pumping, increased storage)
5. Construction costs and cost sharing
6. Operational costs and monthly service fees
7. Preference and priority of WCSD versus EBMUD and CCWD. Short term and

long term commitment.
Dennis McCord said that gaining knowledge needs to be done before entering into any draft agreements.

(See Exhibit B as an illustrative example of financial analysis)

Murray Lind, Reynen's representative, said we need to hire consultants to answer all these questions. He further stated that he would insist on a consultant from their list if Reynen was going to pay.

10. ADJOURNMENT TO THE REGULAR MEETING March 9, 2006

The meeting was adjourned at 8:55PM

Respectfully submitted,
FINAL MINUTES

Jackie Neill, Acting Clerk

Scotty Reiswig, President, WCSD