

WALLACE COMMUNITY SERVICES DISTRICT

P.O. BOX 398
Wallace, CA 95254

MINUTES

Special Meeting of the Board of Directors

July 26, 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 7:00 PM. Directors present were Charles Cantoni, Mark Fusselman, Rick Guantone, Cathryn Jackson, and Bill Pugh. Also present were General Manager Gary DeJesus and Administrative Assistant Jackie Neill.

2. PUBLIC COMMENT

Audience Member, Pat Bailey commended the General Manager for his time and effort in correcting the problems at the Water Treatment Plant.

3. ACTION ITEMS

A. Annual Service Plan

Director Cantoni discussed the July 6, 2006 Calaveras County Planning Commission Meeting with regard to the letter that was sent by the Department of Health Services (DHS). Mr. Cantoni stated that had he not been at the Planning Commission Meeting on July 6, 2006, the Commission would have denied the Boyd Tentative Map request based on the DHS letter.

The reason for this Special Meeting was to answer the DHS letter and to explain with a talking document what WCSD has been doing. Mr. Cantoni produced a collection of previously approved documents with comments and explanations (the "Annual Service Plan for FY 2007") for the Director's comments, corrections, and approval. Director Pugh asked if there had been a specific request for the documents and Director Jackson questioned if LAFCO would be the only recipient of the document. Director Cantoni stated Director Guantone had attended the LAFCO meeting and that there was now an additional letter from DHS addressing the state of the District. Mr. Cantoni said the Service Plan is intended, in part, as a follow-up to show LAFCO how the District is responding to the LAFCO recommendations. Director Guantone stated the LAFCO report does address financials as well because if the District isn't sound someone will step in to provide services needed by the residents.

Director Jackson stated that to an auditor the document shows the greatest turnaround in history because the documents do not address the expense of growth. Director Cantoni pointed out that the Capital Improvement Plan does address the costs of growth. Director Pugh stated that the possible risks needed to be pointed out. Director Guantone stated that

there was a tremendous amount of information in the documents and the District will benefit from having it all put together, as it answers some questions that will come up from LAFCO.

Director Jackson stated her biggest concern was the Capital Improvement Plan because it is an estimate. Ms Jackson asked when the documents were going to be released and could they be updated? Director Cantoni stated the documents could and would be updated with the most accurate information the District has. Mr. Cantoni stated there is vulnerability in the CIP as the District cannot spend the amount of money that is needed to do a complete engineering study. He related the comment from the District Engineer, Roark Weber, that General Manager Gary DeJesus was the best source for available information for the CIP. and thus the CIP is the District's best estimate of expected cost of improvements

Director Fusselman stated that he felt it was better to be proactive than reactive and suggested the documents be forwarded to LAFCO with a cover letter stating that the documents contain what we believe to be accurate information and that further studies are being conducted.

Director Jackson stated she believed the growth projections were overstated and the numbers do not agree with the CIP. Mr. Cantoni agreed to cross-check the growth estimates.

Director Cantoni stated that the LAFCO recommended Sphere of Influence was the Remainder Parcel and Mokelumne Oaks, and it does not include Higgins Ranch. The District will have to request an expansion of the Sphere of Influence for that project if it is to become part of the WCSD system.

Director Pugh suggested that the District wait on applying for the expansion.

An audience member asked why the expansion of the Sphere of Influence appeared to be a "done deal." Director Cantoni stated that it is not a "done deal," but that the funding to explore surface water for WCSD is coming from the Higgins Ranch Developer.

Director Jackson stated she sees a need for expanded staff and an office, particularly if the growth projections are accurate and the District is in a fast growth mode. She offered the opinion that the District is not looking at this in a balanced fashion.

Director Guantone said that he felt the projections are current and the District will update them if circumstances change. It was decided to leave the projections as is for the time being.

Director Pugh stated that if there is no development we are going to have to assess the residents in order to have adequate financing. Director Cantoni asked Mr. DeJesus how he would characterize the finances of the District if there is no growth. Mr. DeJesus said the answer to that question is in the study by Roark Weber as growth was a factor in that

Engineering Study.

Director Cantoni agreed with Director Jackson that the District should be looking at alternate plans. Mr. DeJesus stated that the documents should state that the District is proactively going to raise the Rate Structure.

Director Cantoni stated that if the District is wrong about the growth he does not have the experience to know where the money was going to come from. The other question would be whether would CCWD take over the District and provide services.

A few changes were made to the Plan, as well as some editing suggestions, after which a motion was made to accept the Annual Service Plan as modified with the provision that it be updated when necessary.

Motion: Cathryn Jackson Second: Mark Fusselman Unanimous

B. LAFCO Service Review

The discussion of the LAFCO Service review was incorporated into the discussion of the Annual Service Plan (SEE ABOVE) Portions of the Annual Service Plan will be used for the presentation to LAFCO.

C. DHS Feedback

Director Cantoni composed a letter to Bob Sellman, Calaveras County Planning Department stating that he believed that the source of the questions included in the DHS report was LAFCO. Bob Sellman sent Mr. Cantoni's letter to DHS and Mr. Ruggerello of DHS stated that Mr. Cantoni's answers should be included in a CEQA document. There was a discussion about who was responsible for the CEQA documents for the Remainder Parcel. There was also a discussion about whether the District should interact directly with DHS or with LAFCO or only with the Planning Department. It was concluded that the District should deal with the Planning Department and LAFCO for now.

4. DIRECTOR'S COMMENTS

Director Bill Pugh congratulated Director Cantoni for the Annual Service Plan and asked about district election of officers. Mr. Pugh stated he believed Mr. Cantoni should be elected President. Election of WCSD Officers will be put on next month's agenda.

Director Cantoni stated that if Murray Lind, the Remainder Parcel Representative wanted water/sewer hook-ups before completion of the new sewer plant and water system improvements he would need to get in the line for a Will Serve Letter.

Director Guantone stated that the LAFCO meeting was interesting and he stated Director Cantoni had done a great job preparing the Annual Service Plan.

5. ADJOURNMENT TO NEXT REGULAR MEETING AUGUST 14, 2006

There was a motion to adjourn at 9:40 PM

Respectfully submitted,
FINAL MINUTES

Jackie Neill, Administrative Assistant

Charles Cantoni, President, WCSD