

WALLACE COMMUNITY SERVICES DISTRICT

P.O. BOX 398
Wallace, CA 95254

MINUTES

Regular Meeting of the Board of Directors

May 11, 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 7:02 PM. Directors present were Charles Cantoni, Mark Fusselman, Cathryn Jackson, and William Pugh. Also present were General Manager Gary DeJesus and Administrative Assistant Jackie Neill.

2. APPROVAL OF MINUTES.

The Minutes of the April 13, 2006 Regular Meeting were approved as corrected.

Moved: Bill Pugh Second: Cathryn Jackson Unanimous

3. FILL BOARD VACANCY

Mr. Rick Guantone was appointed by the Directors to fill the vacancy created when Lowell (Scotty) Reiswig resigned because he is moving out of the area.

Moved: Cathryn Jackson Second: Bill Pugh Unanimous

Director Cathryn Jackson administered the oath of office for Mr. Guantone

4. PUBLIC COMMENT.

None

5. GENERAL MANAGERS REPORT.

Mr. DeJesus reported that the Annual Consumer Confidence Report is due and will be included in the June Water/Sewer bills. He said he needed the assistance of a Director and was looking for a volunteer. The ACCR is a requirement of DHS and the format will also allow the District to inform WCSD Customers on other issues. Director Cantoni volunteered to assist Mr. DeJesus with the report.

Mr. DeJesus informed the Directors that there had been some complaints about "pink water". He said he has made some adjustments to the potassium permanganate he is adding to the system and making tests in two hour increments. The ACCR will include information on the potassium permanganate additive. He told the Board about a liquid form of this additive but, said he would rather not add that to the system because it contains sodium. "It is too early to say but I feel we

may be on our way to a better water system”, he said. There will be a continuing test phase and then if this program is adopted DHS will require a permit amendment.

Mr. DeJesus reported on the stop sign and post replacement. Stockton Fence was the low bidder and was awarded the job of replacing the wooden sign posts and replacing the missing posts. Mr. DeJesus said he would be replacing the stop signs on the weekend. There was a discussion involving members of the audience about the need for stop signs at certain intersections. The Directors voted to have the signs replaced exactly as they had been.

Moved: Cathryn Jackson Second: Bill Pugh Unanimous

Mr. DeJesus discussed the task order that had been sent to the Districts Engineering Firm Weber Ghio requesting a study of other chlorine delivery systems. Gary said he had not received a response.

Mr. DeJesus reported that he sent out two second notice letters to commercial customers giving them a deadline of May 31, 2006 to install back-flow devices on their sewer systems. Mr. DeJesus said that after the deadline, if the devices are not installed, he wants Directors authorization to have the devices installed and to bill the costs back to the customers. Authorization was given for installation if the customers did not meet the deadline.

Moved: Cathryn Jackson Second: Bill Pugh Unanimous

Mr. DeJesus reported he was submitting Developer Time Sheets for the bookkeeper to bill the Developers for time spent by District Staff responding to Developer requests. Director Cathryn Jackson presented a Resolution to establish fees for District Staff time spent responding to Developer requests to be paid by the developer. The Resolution Carried and is included as Exhibit A.

Moved: Bill Pugh Second: Cathryn Jackson Unanimous

The Weed spraying was recently re-done on a call out basis at no charge to the District. The Company Representative informed Gary and his assistant that a twice yearly spraying would be much more effective controlling the weeds all season. Mr. DeJesus requested authorization to change the contract to include the second spray at an additional cost to the District of \$1000. The Directors agreed.

Moved: Rick Guantone Second: Mark Fusselman Unanimous

6. COMMITTEE REPORTS.

A. Gate and Road Committee

Director Bill Pugh reported that he fixed the back gate again. And the investigation

into the static problem at the front gate is ongoing. Mr. Pugh said that the main box at the front gate may have to be replaced.

B. Lake and Open Space

Director Mark Fusselman said there had been no meeting of the Lake and Open Space Committee but he spoke to Kleinfelder Engineering and they have the report from the State Water Resources Board. Kleinfelder has made the necessary changes and should have the permit to do the work on the dam by the next WCSD meeting. The District will then need to get bids to do the work. In response to an audience inquiry Mr. Fusselman will check on expiration limits of permit.

Mr. Fusselman also reported that he had done some filling by the back gate where trucks were gaining entrance by going around the gate. He said he will need to do more as the trucks are now going around the fill.

Mr. Johnston said, "Murray Lind of R&B Homes has the report from the State Water Resources Board on repair of the dam and he is checking on bids."

C. Finance Committee

Bills for payment; Director Cathryn Jackson reported the monthly bills totaled \$13,972.52 and asked for approval to pay checks 3390-3405.

Moved: Bill Pugh Second: Rick Guantone Unanimous

There was a discussion about the fees charged by the State for the dam and whether or not the developer should be responsible for some of those fees. WCSD will pay the entire dam fee as it is the position of the District that they own the dam.

Director Chuck Cantoni explained the Excel spread sheet on Year to Date financials that was given to the Directors and the public. The spread sheet looked at the projected income and growth and included a Capital Improvement Fund as well as Reserves. Director Cantoni stressed the need to add to the reserve funds for emergencies and road repair.

Capital Improvement Plan; Director Cantoni presented a Draft Capital Improvement Plan projecting District Capital needs for 15 years. The format is complex in that it shows improvements that may be made to the water and sewer systems by the District and by Developers. The plan includes a projection for growth for the District and projects that the CIP portion of connection fees will most likely have to be increased. Mr. Cantoni stated that if the Remainder Parcel development moves ahead, new homes will carry the burden of both the District Connection fees and a Capacity Charge which is collected to reimburse the developer for improvements made. The total fee charged is subject to the costs projected for various improvements. The Board members generally approved of

the format of the plan. The next step is to refine the capital needs estimates and provide information to the District Engineer, for final recommendation on the Connection Fee increases. Mr DeJesus and Mr. Cantoni will proceed with the task.

The General Manager Gary DeJesus has expressed concern about Well #2 and feels at some point it should be replaced. The replacement is included in the plan.

7. LOT 24 WILL SERVE AGREEMENT

Director Chuck Cantoni discussed the decision at the last WCSD meeting to work on a Will Serve Agreement for Lot 24. Mr. Cantoni had reviewed the Agreement with Michael McGrew the District's Legal Counsel and has spoken to Ted Pedersen the engineer representing the developer of Lot 24. The District's General Manager, Mr. DeJesus and the District's Engineer feel that the Agreement should include language that specifies that Pacific Gas & Electric own and maintain the street lights on Lot 24.

There was a discussion of water/sewer allocations with the most conservative estimate being the Sigfried Report that shows 180 Unit maximum. As the District has allocated 151 Units thus far, the 11 Units requested for Lot 24 are available and the Will Serve Agreement can move forward.

A draft copy of the Agreement was given to Mr. Al-Ruosan and several points of the agreement were discussed. The Directors gave approval to Director Cantoni to sign the Will Serve Agreement when it came back from the Neumiller & Beardsley if there were no significant changes in the business terms of the agreement.

Moved: Bill Pugh Second: Rick Guantone Unanimous

8. DRAFT BUDGET FY 2007

Directors Jackson and Cantoni presented the Draft Budget for Fiscal Year 2007. Director Cantoni stated that we are projecting some significant growth from 93 to 115 connections in the next Fiscal Year. The rate increase which is effective July 1, 2006 will add to the income and we anticipate \$62,000 in connection fees most of which will go into a Capital Improvement Fund. Mr. Cantoni said some of the projections depend on the Calaveras County decision on approval of the Remainder Parcel Development. Director Cantoni noted that we have been neglecting the roads and it is going to take some serious money to complete road repairs.

Rick Guantone suggested that any money allocated to roads but not used within this fiscal year be held over and added to the road repair money for the next FY.

Director, Cantoni, said RCAC recommends that, if, for example, Connection Fees do not provide enough money to replace equipment as it breaks, we can take

money from the General Reserves to build that fund.

Mr. Cantoni also said we do not know exactly what it will cost to fix the lake. Mr. Johnston said, "Pending the outcome of the of the Calaveras County ruling on the Remainder Parcel there is \$40,000.00 to fix the lake, we have spent a lot already."

The FY 2007 budget will be brought back in final form for approval at the next regular WCSD meeting.

9. REMAINDER PARCEL STATUS REPORT

Director Cantoni reported he spoke to the Developer's representative, Murray Lind, about making a presentation at a WCSD meeting on the Remainder Parcel Development. Mr. Lind wants to wait until all of the filings with Calaveras County Planning Department are in. He will then be in a position to make a presentation..

10. SIGNS FOR WALLACE LAKE ESTATES.

Director Bill Pugh said, based on a recommendation from the General Manager, he got a bid for the less expensive more durable signs. The signs will be \$2750.00 with a 10% discount if the sign company does the whole job. An additional \$435.00 in signs for the Remainder Parcel will be paid for by the Developer. The Directors approved the expenditure for the signs.

Moved: Bill Pugh Second: Rick Guantone Unanimous

11. SECURITY PATROL

Director Bill Pugh reported on research into Windwalker Security Patrol. There was a discussion about scheduled visits versus call-outs. Questions about who would call Windwalker and whether the Ordinance could be enforced without going to LAFCO. The security patrol item was tabled for further information.

Director Cantoni and Director Pugh will form an ad-hoc committee to research CHP coverage on private roads and other issues that involve security.

12. DIRECTORS COMMENTS.

Director Mark Fusselman, commended the Finance Committee for their vision and hard work.

Director Rick Guantone, thanked the Board for the opportunity to serve and said he liked what he was seeing in the way of financial planning.

Director Bill Pugh, said that all residents need to be more proactive. "These days no one is responsible for their own actions, we all need to call the sheriff.

Director Cathryn Jackson, said regarding infractions of District Ordinances she would like to see the District team be proactive rather than reactive.

Director Charles Cantoni, addressed the Fire Season and the CDF requirement to clear property 100 feet or to the property line to give firefighters a defensible space around the structure.

14. ADJOURNMENT TO THE NEXT REGULAR MEETING JUNE 8, 2006

The meeting was adjourned at 10:52 PM.

Respectfully submitted,
FINAL MINUTES

Jackie Neill, Administrative Assistant

Charles Cantoni, Interim President, WCSD