

WALLACE COMMUNITY SERVICES DISTRICT

P.O. Box 398, Wallace, CA 95254 209 763-2699

REGULAR MEETING, Board of Directors

Minutes

Thursday, February 12, 2009

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

Last minute documents were available at the meeting room entrance at 6:30 PM to allow members of the public to review.

CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:05 by Board President Mark Fusselman. Present were Directors Mark Fusselman, Bill Pugh, and Chuck Cantoni. Director Guantone and GM David Edwards were absent.

REGULAR AGENDA

1. APPROVAL OF MINUTES

The Minutes of the Regular Meeting of January 8, 2008 were approved with two minor wording corrections.

Motion: Cantoni

Second: Pugh

Passed: 3-0-0-1

2. APPROVAL OF BILLS FOR PAYMENT

After discussion, payment of check numbers 4156 through 4175 were approved for payment.

Motion: Cantoni

Second: Pugh

Passed: 3-0-0-1

3. PUBLIC COMMENTS

The public may address the Board on any matter within the District's jurisdiction that is not on the Agenda. The public may comment on any item on the Agenda before or during the time the matter is considered by the Board of Directors. No action can be taken on matters not listed on the agenda. Comments may be limited to five minutes per person / twenty minutes per subject.

Joyce Techel of MyValleySprings.com presented a letter to the board, addressed to District legal counsel, clarifying the their organization is not affiliated with the person suggesting that the WCSD was illegally taking water from Camanche Reservoir, and requesting that legal counsel issue a clarification.

Larry Howen questioned the timing of a performance review for the GM. Questioned as to the reporting relationship of the GM.

Jackie Neill requested clarification on the procedure to search for documents she has requested copies of.

Cathryn Jackson inquired as to the status of review of the Campora's contract, stating there may be a revenue opportunity for the District. She also suggested that the District should do its CIP review prior to reviewing water and sewer rates for the coming year. She requested that the final budget for Fiscal 2009 be placed on the public service web site.

Pat Bailey inquired as to the status of the FY 2008 audit. Director Cantoni replied that it should be completed in the next two or three weeks.

Ross Ehlers suggested that since the State of California is furloughing people, the District should do the same.

4. GENERAL MANAGER'S REPORT

In Mr. Edwards absence, Director Cantoni reviewed the GM's report. Mr. Edwards reported that there is confusion at PG&E on who is responsible for what streetlight repairs. He has sought clarification from PG&E. He attended two training sessions this past month. The first; "Sanitary Surveys: Resources and Templates" deals with the water system – new regulations. Either the Department of Public Health or our District Engineer will have to do a survey of our facilities and documentation. The second class was on AB 885, Septic Tanks. It was recently announced that bill has been delayed.

Mr. Edwards encouraged the Board to do a job performance assessment for his position and to do a study of needs to determine how best to organize and finance the needs.

GM Edwards reported that inspection of the water treatment plant (WTP) sand filter revealed a loss of media in the last six months. This raises the question as to whether the backwash cycle is operating properly. To determine this, the system needs to be modified, including repair of the flow meter, installation of a glass observation spool and drain and possible repair of the flow control valve. A memo from District Engineer Ghio was attached to the GM report, supporting the conclusions of Mr. Edwards. Following discussion, the board approved an initial parts expenditure not to exceed \$3,000 to install the glass spool and sample station, repair of the flow meter and possible repair of the flow control valve.

Motion: Cantoni

Second: Pugh

Passed: 3-0-0-1

Mr. Edwards reported that he may need funding approval for weed spraying, up to \$2,600. Subsequent to writing his report, he conveyed to the board that he accomplished the weed spraying by borrowing Linden's sprayer, and that additional funding approval is no longer needed.

Cathryn Jackson questioned as to how priorities are set for the GM. Larry Howen reported on experience with a streetlight on his street. The board re-emphasized that residents need to notify the District when they observe streetlight problems. We will not get consistent performance from PG&E until this is done. The board consensus was that a notice should again be placed in with billings to residents.

5. PRESIDENT'S REPORT

Board President Mark Fusselman reported that he had received a letter from a resident complaining about board member behavior. Mr. Fusselman stated that courtesy in communications is a two way street, and urged everyone to work to effectively communicate.

Director Fusselman also commented on item 13 on the agenda – a re-look at the organizational structure for the District. He expressed optimism that the District is on the verge of going in a better direction. He also emphasized that the District does not want to recklessly spend money.

6. COMMITTEE REPORTS

Finance - In Director Guantone's absence, Director Cantoni gave the finance report. He noted that a data entry error resulting in a double booking of County tax income for the month, but that the Excel spread sheet analysis corrected this problem. He also noted that the sewer loan payment commitment does not show in the Quickbooks reports, but does in the analysis. He also noted that the county transferred \$12,000 into the general account, the entry labeled Trust Fund transfer.

In summary, Mr. Cantoni noted that water and sewer surpluses are both running negative, year to date. But from the overall viewpoint, the District surplus is healthy, due mostly to the \$12,000 Trust Fund deposit. He noted that high legal expenses at the start of the year (\$10,000) and the unplanned Water System Operations Manual expense of \$5,000 make it difficult to recover from. He also noted that the analysis includes continuing to transfer \$30,000 to the repair and maintenance reserve by the end of the year.

Finally, the Working Cash position for the District looks good, even if one takes out the \$12,000 Trust Fund deposit. Working cash at the end of January was \$163,352 vs. \$124,673 a year ago.

Propane – Director Pugh announced that Campora has agreed to lower the propane rates and to keep at no more than \$0.05 above the Greenhorn Creek pricing (near Angels Camp). He expressed thanks to Ahmad Al Rosen and others for campaigning to get the propane prices lowered. Mr. Cantoni announced that Cal Power is doing a survey of propane prices in Calaveras County. Finally, Mr. Pugh announced that a natural gas distributor is looking into the cost of providing natural gas to the community in place of propane. It was noted that the PG&E line is some distance from Wallace, and the cost may thus be prohibitive.

7. RETENTION PAYMENT TO TEICHERT CONSTRUCTION

Mr. Cantoni reported on the Wastewater Treatment Plant Equalization Basin project completion. He noted that Gary Ghio has provided drafts of a certificate of completion that requires approval by the Board. Upon motion made and seconded, the Board approved Resolution No. 2009-02, attached as Exhibit A to these minutes.

Motion: Pugh

Second: Cantoni

Passed: 3-0-0-1

Mr. Howen inquired as to the status of the equalization tank. Mr. Cantoni reported that the basin is operational as an overflow protection system, providing a 50,000 gallon capacity. He noted that two tasks remain; installation of an influent flow meter (parts have been procured) and installation of an air system in the first half of the equalization basin.

8. FILLING OF BOARD VACANCY

President Fusselman announce that four individuals have applied to fill the vacant board seat. They are; David Reyner, Ross, Ehlers, David Robjohns-Brooks and Eric Baysinger. He announced that the board would conduct interviews for each candidate. Mr. Cantoni noted that Mr. Robjohns-Brooks had notified the Board by letter that he could not be present for the board meeting. Since attendance is a requirement, Director Fusselman announce that Mr. Robjohns-Brooks would therefore not be eligible for appointment to the board.

218 law which governs, among other things, rate increases. Of importance to the District, the law limits automatic rate increases to 5 years. That means that the rate increase provision contained in the District's Water and Sewer Codes are limited to five years.

13. ORGANIZATIONAL STRUCTURE FOR THE WALLACE CSD

President Fusselman discussed the need to review the District's organizational structure. He reported that had held conversations with legal counsel Mike McGrew on the various ways that the District could organize. After lengthy discussion, Mr. Fusselman appointed an ad hoc committee to study the issue and to report back to the Board. Committee members appointed included Directors Pugh and Reyner and public attendees Larry Howen and Cathryn Jackson. Mr. Reyner was appointed chair of the committee and was instructed to seek the participation of Eric Baysinger as a fifth member. Director Cantoni pointed out that with members of the public on the committee, it must follow Brown Act regulations, providing notice of meetings, publishing on minutes and all the other Brown Act requirements. Mr. Howen suggested that under those rules, the committee could hold closed sessions when dealing with "delicate" subjects. Director Fusselman stated that e would get the issue clarified by Mr. McGrew.

14. CORRESPONDENCE

Director Cantoni referred to the correspondence provided in the Board packet, and cautioned that the EBMUD claims on water rights may have very serious implications to the District.

15. CONTINUANCE

After discussion, the Board continued this meeting tyo a date to be determined. Topics continued included :

- a. Meeting Schedule
- b. District Policies
- c. Directors Comments
- d. Closed Session – Employee Performance Evaluation

16. AJOURNMENT TO CONTINUED REGULAR MEETING, DATE TO BE DETERMINED

Motion: Cantoni

Second: Pugh

Passed: 3-0-0-1

Respectfully Submitted:

David Edwards, Secretary

Mark Fusselman, President

Exhibit A

**WALLACE COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
RESOLUTION NO. 2009-02**

**A RESOLUTION ACCEPTING WORK ON THE
WASTEWATER TREATMENT PLANT EQUALIZATION BASIN PROJECT**

WHEREAS, District Engineer has certified all work on the "Wastewater Treatment Plant Equalization Basin Project" was completed on January 15, 2009 in accordance with the approved project plans and specifications.

NOW THEREFORE BE IT RESOLVED that the work completed by Teichert Construction, Inc. on the Wastewater Treatment Plant Equalization Basin Project has been completed satisfactorily and is hereby accepted.

BE IT FURTHER RESOLVED that the President of the Board is authorized to execute the Notice of Completion and cause it to be filed with the Calaveras County Recorder.

The foregoing resolution was duly approved and adopted by the Board of Directors of the Wallace Community Services District at a regular meeting on the 12th day of February 2009 by the following vote:

AYES:	3
NOES:	0
ABSTAIN:	0
ABSENT:	1

President of the Board of Directors

ATTEST:

Clerk

Exhibit B

WALLACE COMMUNITY SERVICES DISTRICT

RESOLUTION NO. 2009-01

CONDITIONS FOR PROVIDING SERVICE TO THE MOKELUMNE OAKS DEVELOPMENT

WHEREAS, the Board of Directors of WALLACE COMMUNITY SERVICES DISTRICT (“WCSD”) hereby finds and determines as follows:

1. The District entered into a will serve agreement for the Mokelumne Oaks development with John Reynen in 2004; and
2. The Final Map for this development was recorded on August 23, 2004 with the County of Calaveras; and
3. Developer applied with the county LAFCO to have the area annexed into the Wallace CSD; and
4. The Annexation was never completed, per LAFCO records; and
5. The Mokelumne Oaks land, located south of the Wallace Lake Estates Unit 2 land, includes a well (Well #4) that Developer Reynen proposed be deeded to the Wallace CSD; and
6. Under a will serve agreement between the District and Mr. Reynen concerning the Wallace Lake Estates Unit 2 development, Mr. Reynen has agreed to deed over certain parcels on Unit 2 land and well #4 with appropriate easements to the District; and
7. Subsequent to this agreement and per information provided by the Developer in January 2009, the land is now owned by a bank as a result of foreclosure actions; and
8. As a result of these events, the District has removed the Mokelumne Oaks Well #4 parcel from the list of parcels to be deeded to the District.

NOW THEREFORE, IT IS RESOLVED, that the District hereby:

1. Authorizes the President of the Board of Directors and/or his designated alternate to contact the foreclosing bank for the purposes of negotiating deed-over of the well #4 parcel, with appropriate easements, to the District; and
2. Requires that any and all agreements arising from such negotiation be approved by the District’s Board of Directors prior to execution; and
3. Declares that no services will be provided to the current or future owner(s) of the Mokelumne Oaks Development until the well #4 parcel, with appropriate easements, is deeded over to the District.

PASSED AND ADOPTED by the Board of Directors of the Wallace Community Services District, at their regular meeting thereof, held on July 14, 2008, by the following vote:

AYES: - 3

NOES: - 0

ABSTENTIONS: - 0

ABSENT: - 1

MARK FUSSELMAN
President, Board of Directors

ATTEST:

David Edwards, Secretary