

WALLACE COMMUNITY SERVICES DISTRICT
P.O. Box 398, Wallace, CA 95254 209 763-2882
REGULAR MEETING, Board of Directors

Minutes
Thursday, May 8, 2008

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

The meeting room was opened at 6:30 PM to allow members of the public to review last minute documents.

CALL TO ORDER AND ROLL CALL

President Charles Cantoni called the meeting to order at 7:04 PM. Present were Directors Charles Cantoni, Rick Guantone, Mark Fusselman, Floran Schneider and Bill Pugh.

General Manager David Edwards was absent and Director Cantoni requested that Director Pugh take the minutes. Director Cantoni introduced District legal counsel, Michael McGrew who was present at the meeting at the request of Mr. Cantoni

CONSENT AGENDA

1. APPROVAL OF MINUTES

The minutes of the Regular Meeting of April 10 were approved with two corrections.

Motion: Guantone *Second:* Fusselman *Passed:* 5-0-0-0

The minutes of the Special meeting of April 22, 2008 were approved as written.

Motion: Guantone *Second:* Schneider *Passed:* 5-0-0-0

2. APPROVAL OF BILLS FOR PAYMENT

After discussion and questions, check numbers 3936 through 3952 were approved for payment as recommended by the General Manager.

Motion: Guantone *Second:* Schneider *Passed:* 5-0-0-0

REGULAR AGENDA

3. PUBLIC COMMENTS

Mr. Howen announced to the board that he had circulated a petition to lower the water and sewer rates to fixed values of \$25 and \$35 per month, respectively, as he had threatened to do in previous correspondence to the board in a letter of February 21, 2008. A red line markup of the appropriate sections of the water and sewer ordinances was provided to the board.

4. GENERAL MANAGER'S REPORT

President Cantoni reported on the GM activities for April, in Mr. Edwards' absence. Mr. Edwards reports that he completed the water mains flushing program as of May 7, 2008. The flushing was accomplished at the DPH required water velocities within the mains. Velocities were calculated using a model provided by Reynen & Bardis (from West Yost Associates). Based on the results, Mr. Edwards has recommended to the Department of Public Health that the flushing program be executed every 5 years. It was noted that

one section of the mains, through the front gate and down to Camanche Parkway, has an unknown valve or obstruction in place. This does not adversely affect the water supply to any locations, but the problem should be resolved.

Manager Edwards attended the California Rural Water Association convention for one day the previous week. He also reported that the rented storage container is in place and being used.

Mr. Cantoni then reported on results of a query by Mr. Edwards to legal counsel regarding the process for attaching liens to foreclosed homes. He presented Resolution 2008-03 "Filing of Liens for Foreclosed House and Other Overdue bills" which authorizes the General Manager to file liens on behalf of the Board. After discussion, the resolution was approved by the Board. A copy of the Resolution is attached to these minutes.

Motion: Cantoni

Second: Schneider

Passed: 5-0-0-0

5. PRESIDENT'S REPORT

Mr. Cantoni presented his report for May 2008. He reported that he had given a presentation to the Calaveras LAFCO on April 21, which was well received. Attendance by WCSD personnel at the LAFCO meetings is beneficial to the District. He also reported on attendance by he and GM Edwards at the Mokelumne River Forum meetings and commented that attendance at these meetings is necessary if we are to get surface water to Wallace.

Mr. Cantoni reported that the Sanitary System Management Plan approved by the Board at the last meeting has been registered with the RWQCB Web Site by Manager Edwards. We continue to monitor ground water aquifer levels at three locations, and are getting ready to install a fourth sensor.

Director Cantoni then reported on historical financial analysis conducted to determine where the rate increase money is going. He provided graphs that showed the sum of working cash and the new R&M reserve over the last 9 years. The graphs showed that prior to the rate increase of September 2005, the District cash position was declining, from a value of \$225,000 at June 30, 2000 to about \$75,000 at June 30, 2005, thus declining at a rate of \$30,000 per year. A good portion of the rate increase thus went into stemming this negative cash flow. Since the rate increase, cash and R&M reserves have increased from \$81,800 to \$121,900.

Mr. Cantoni then reported on financial results through May 8, 2008. Graphs presented show that the District continues to operate above budget, primarily due to under-spending in the "Roads and Miscellaneous" expense category. Year to date we have a surplus of about \$11,000, which, if continued to the end of the year, will go into the emergency reserves.

6. COMMITTEE REPORTS

a. Finance

Mr. Guantone deferred to the budget and CIP discussions to follow.

b. Open Space

Director Pugh stated that Scotty Reiswig is volunteering to join the Committee and lead efforts to beautify Wallace Lake Estates.

c. Gates & Roads

Two new gate openers have been issued.

d. Ad Hoc Fire Station

Nothing to report

e. Ad hoc Community Planning

Mr. Cantoni reported that the only progress made thus far has been to receive a set of mail labels from the County. He further reported that the committee needed to talk to the County as to the proper procedure to get the Community Planning process started. Ms. Neill expressed concern over who is participating in the start-up of the planning effort, as did Mr. Plessel.

7. BUDGET FOR FY 2009

Mr. Guantone reported on the finance committee work to draft a budget for FY 2009. A second draft was provided to board members and the public for review and discussion. After lengthy discussion, the Board approved the draft for presentation at the Public Hearing to be held at the next Regular Board meeting on June 12, 2008.

Motion: Schneider

Second: Guantone

Passed: 5-0-0-0

8. CAPITAL IMPROVEMENTS PLAN

Director Cantoni led a discussion of the Capital improvements Plan for FY 2009. After lengthy discussion, the Board approved the draft for presentation at the Public Hearing to be held at the next Regular Board meeting on June 12, 2008.

Motion: Pugh

Second: Schneider

Passed: 5-0-0-0

9. SEPTIC TANK INSPECTION PLAN

Mr. Cantoni pointed out that the District's Sanitary Sewer System Operation, Maintenance, Overflow Prevention and Response plan, required by the District's WWTP permit and submitted to the State in February 2007, calls for the establishment of a mandatory septic tank inspection program. After discussion, the board approved a motion to have Mr. Edwards get with the District Engineer to develop an inspection plan to be considered by the board for approval.

Motion: Guantone

Second: Schneider

Passed: 5-0-0-0

10. WATER AND SEWER RATE SETTING

A discussion was held on beginning a new rate study for water and sewer rates, with particular attention to water rates as they may be changed to conform to the District's required Water Conservation Plan. Consideration was given to having a third party such as a member of the California Rural Water Association advise the board on rate setting. After discussion, the consensus of the board was that Mr. Cantoni should invite an appropriate third party to make a proposal to the board.

11. REMAINDER PARCEL WILL SERVE AGREEMENT

Mr. Cantoni reported that the Remainder Parcel Will Serve Agreement had expired on April 14, 2008, and that indications are that Reynen & Bardis would like to have the Agreement extended. The board approved having Mr. Cantoni lead discussions with Reynen & Bardis.

Motion: Pugh

Second: Schneider

Passed: 5-0-0-0

12. DIRECTOR COMMENTS

Director Fusselman asked the public if anyone knew who was posting the District's ledger page with hand written comments purporting to show that the District was paying Mr. Edwards more than the income for the month. Ms. Jackie Neill acknowledged that she was the author. Mr. Fusselman requested that Ms. Neill not post such items in the future, as the hand written statement on the ledge was not accurate. Ms. Neill disagreed.

13. CLOSED SESSION – PUBLIC EMPLOYEYEE PERFORMANCE EVALUATION

Mr. Cantoni announced that a closed session of the board would be held, pursuant to Section 54957 (b) (1) of the Brown Act. Performance Evaluation: General Manager. Prior to the session, he announced that by the nature of the subject, there would be no action taken.

14. REPORT ON CLOSED SESSION

As announced prior to the closed session there was no action taken.

15. AJOURNMENT TO REGULAR MEETING OF JUNE 12, 2008.

The meeting was adjourned at 10:45 PM.

Motion: Guantone

Second: Pugh

Passed: 5-0-0-0

Respectfully Submitted:

s / William Pugh
William Pugh, Acting Secretary

s / C. W. Cantoni
Charles Cantoni, President

**WALLACE COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2008-03**

FILING OF LIENS FOR FORECLOSED HOUSE AND OTHER OVERDUE BILLS

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

1. During 2007 and 2008 the housing slump and other economic factors have caused some WCSD customers to lose their homes to foreclosure by financial institutions.
2. Such foreclosures are often accompanied by unpaid utility bills.
3. Under California CSD law, the board of directors is allowed to file a certificate that acts as a lien for unpaid charges and recording fees.
4. The WCSD board of directors is responsible to see that all utility bills are paid by its customers.

NOW THEREFORE, IT IS RESOLVED, that the District Board of Directors hereby directs and authorizes the WCSD General Manager to file liens on behalf of the Board of Directors in circumstances wherein utility bills are not being paid after due notice as specified in the WCSD Water and Sewer Ordinances and as allowed in the California CSD law.

PASSED AND ADOPTED by the Board of Directors of the Wallace Community Services District, at their regular meeting thereof, held on May 8, 2008, by the following vote:

AYES: - 5
NOES: - 0
ABSTENTIONS: - 0
ABSENT: - 0

s / C. W. Cantoni
CHARLES CANTONI
President, Board of Directors

ATTEST:

s / D. E. Edwards
David Edwards, Secretary