

# WALLACE COMMUNITY SERVICES DISTRICT

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

REGULAR MEETING, Board of Directors

## Minutes

Thursday, June 18, 2009

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

### CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:08 PM by Board President Mark Fusselman. Present were Directors Mark Fusselman, Bill Pugh, David Reyner, Rick Guantone and Chuck Cantoni. Also present was General Manager and Secretary/Treasurer David Edwards.

### REGULAR AGENDA

#### 1. APPROVAL OF MINUTES

The Minutes of the Meeting of May 21, 2009 were approved as written.

*Motion:* Pugh

*Second:* Guantone

*Passed:* 5-0-0-0

#### 2. APPROVAL OF BILLS FOR PAYMENT

After discussion, payment of bills by check numbers 4251 through 4267, in the total amount of \$11,834.20 was approved by the board.

*Motion:* Cantoni

*Second:* Reyner

*Passed:* 5-0-0-0

The Board then discussed fund transfers for the month of June 2009. Proposed transfers included \$4,409.00 from the Repair & Maintenance fund to the Checking Account, \$6,576.39 from the Sewer Reserve to the General fund, \$7,704.00 from the Water Reserve to the General Fund, \$50,000 from the General Fund to the Repair & Maintenance Reserve, and \$957.02 from the Architectural Fund to the Checking Account. After discussion, the transfers were approved.

*Motion:* Cantoni

*Second:* Reyner

*Passed:* 5-0-0-0

#### 3. PUBLIC COMMENTS

Mr. Al Ruosan raised questions about his accounting. Mr. Zedlitz inquired as to his request for copies of financial material, and Mr. Cantoni pointed out that the package was on the public documents table. Ms. Jackson inquired as to the status of the Boyd package.

#### 4. GENERAL MANAGER'S REPORT

Mr. Edwards reported on General manager activities. They included the following.

- In the interest of cost savings, Mr. Edwards presented papers that transfer the Workmans' Compensation Insurance to the SDRMA program. Mr. Guantone moved approval of Resolution 2009-06, approving SDRMA as our Workmans' Compensation Insurance provider. A copy of the Resolution is attached as Exhibit A.

*Motion:* Guantone

*Second:* Pugh

*Passed:* 5-0-0-0

- GM Edwards then discussed Well #3. He reported that well has failed, as determined by its electrical characteristics, as checked by himself and two other electricians. He outlined a proposal to pull the pump and motor and replace with new units. He estimated the cost at

\$19,519.00. After lengthy discussion, the motion was made to authorized the repairs, at a cost level not to exceed \$17,500 but with authority given to the President to approve repairs up to a total of \$20,000.

*Motion:* Cantoni

*Second:* Guantone

*Passed:* 5-0-0-0

- Mr. Edwards then reported that the water pump at the water treatment plant was failing and needed to be replaced, at an approximate cost of \$1,300.00. The purchase was approved.

*Motion:* Cantoni

*Second:* Guantone

*Passed:* 5-0-0-0

- Mr. Edwards pointed out that the Grant Deed and Easement documents relating to the transfer of property from Mr. Reynen to the District were included in the board packet. Ms. Neill and Mr. Al Ruosan expressed confusion over the form of the documents. Mr. Cantoni pointed out that the documents had been recorded and had been reviewed by District Legal Counsel and the District Engineer.
- Mr. Edwards reported that approximately 4,600 gallons of sludge had been pumped from the Wastewater Treatment plant. He also reported that the document filing task in process has about 20 hours remaining.

## **5. PRESIDENT'S REPORT**

Mr. Fusselman read a letter he had sent to Mr. Al Ruosan regarding Mr. Al Ruosan's behavior at the previous meeting regarding an accounting error made on the March 2009 financials. A copy of the letter is attached as Exhibit B.

## **6. COMMITTEE REPORTS**

### **a. Finance - R. Guantone/C. Cantoni**

Mr. Guantone and Mr. Cantoni presented financial results for the period ending May 31, 2009. Financial results are still on track to meet budget and the cash position is good. The District should be able to contribute \$50,000 to the Repair & Maintenance Reserve at the end of the Fiscal Year.

Discussion and possible action on District Policy 7060, Accounting Procedures, was continued to the next regular board meeting.

*Motion:* Cantoni

*Second:* Fusselman

*Passed:* 5-0-0-0

Mr. Cantoni also briefly reviewed the SDRMA Liability insurance coverage and explained the accounting process for returned checks.

### **b. Lake & Open Space – David Reyner**

Nothing to report.

### **c. Ad Hoc Organizational Structure Committee – David Reyner**

Mr. Reyner reported on the results of the Ad Hoc committee meetings. He reported that the committee was unable to reach a consensus on a recommendation to the Board, and requested that a study session meeting be scheduled between the Board and the Ad Hoc committee. Mr. Fusselman concurred and requested that the study session be scheduled for the next regular board meeting.

## **7. PUBLIC HEARING, BUDGET FOR FY 2010**

Mr. Fusselman opened the public hearing on the Budget for FY 2010. The board materials included an historical review of financials, and the progress the district has made in building the Repair & Maintenance Reserve. Mr. Cantoni reported that the notice of the hearing had been properly posted on the web site and in the Calaveras Enterprise.

The hearing process was discussed and it was pointed out that the Board can make changes to the preliminary budget, based on public input or on input from board members. Mr. Cantoni commented that he would suggest some changes, after hearing input from the public.

After further discussion by the board, the hearing was opened to the public. After public comments, the public portion was closed and the board undertook further discussion. Mr. Cantoni proposed some changes to the Preliminary Budget, summarized as follows.

- Eliminate the \$14,900 Equalization Tank payment as an expense. Instead, budget \$8,250 interest expense under Other Expense and include the principle payment of \$6,694 in the pro forma cash reconcillation.
- Increase the budget of an administrative person from \$11,000 to \$15,000.
- Increase the District Engineering budget from \$5,500 to \$13,000, reflecting the public's concern over having board members contribute services at no cost to the District.
- For similar reasoning, increase the Legal budget from \$6,100 to \$8,100.
- Reduce the contingent labor provision from \$17,000 to \$5,000.
- In the Pro Forma cash reconciliation, change the \$15,000 water contribution from the R&M reserve to the Water Reserve.

These changes lowered the total expenses from \$361,337 to \$346,657 and total net income from a loss of \$74,728 to a loss of \$68,298 (depreciation included).

Upon motion made and seconded, Resolution 2009-07 to adopt the Budget for Fiscal Year 2010 (attached as Exhibit C), was approved, with the budget to be amended per the above changes.

*Motion:* Cantoni

*Second:* Fusselman

*Passed:* 4-1-0-0

## **8. PUBLIC HEARING, CAPITAL IMPROVEMENTS PLAN FOR FY 2010**

Mr. Fusselman opened the public hearing on the Capital Improvements Plan for FY 2010. Mr. Cantoni noted that proper notice of the hearing had been posted on the web site and in the Calaveras Enterprise. After discussion by the Board, the hearing was opened to the public. After public comments, the public portion was closed and further Board discussion ensued. Mr. Cantoni proposed the following changes, in line with the changes made to the budget.

- In the Water Plan, the Reserve at the end of FY 2009 will be closer to #13,000 instead of \$21,000.
- With the low level of funds in the Water Reserve, change the plan to receive \$15,000 from the water funds for FY 2010, instead of placing these funds in the R&M reserve.
- For the Sewer Reserve starting balance, change from \$158,000 to \$151,000.
- For the R&M Reserve, reduce the water contribution to zero for FY 2010 and FY 2011.

After further discussion, the motion was made and seconded to approve Resolution 2009-08, Adoption of a Capital Improvements Plan for FY 2010, with the proviso that the above changes be made to the Plan.

*Motion:* Cantoni

*Second:* Fusselman

*Passed:* 4-0-1-0



## Exhibit A

### RESOLUTION NO. 2009-06

**A RESOLUTION OF THE BOARD OF DIRECTORS OF WALLACE COMMUNITY SERVICES DISTRICT  
APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED AND  
RESTATED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL  
DISTRICT RISK MANAGEMENT AUTHORITY WORKERS' COMPENSATION PROGRAM**

**WHEREAS, WALLACE COMMUNITY SERVICES**, a special district duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), has determined that it is in the best interest and to the advantage of the Agency to participate for at least three full years in the workers' compensation program offered by the Special District Risk Management Authority (the "Authority"); and

**WHEREAS**, California Government Code Section 6500 et seq., provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

**WHEREAS**, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 et seq., for the purpose of providing its members with risk financing and risk management programs; and

**WHEREAS**, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

**WHEREAS**, participation in Special District Risk Management Authority programs requires the Agency to execute and enter into a Sixth Amended and Restated Joint Powers Agreement (the "Amended and Restated JPA Agreement"); which states the purpose and powers of the Authority; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AGENCY AS FOLLOWS:**

Section 1. Findings. The Agency Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Agency.

Section 2. Sixth Amended and Restated JPA Agreement. The Amended and Restated JPA Agreement, proposed to be executed and entered into by and between the Agency and members of the Special District Risk Management Authority, in the form presented at this meeting and on file with the Agency Secretary, is hereby approved. The Agency Board and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Authority the Amended and Restated JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Program Participation. The Agency Board of Directors approves participating for three full program years in Special District Risk Management Authority Workers' Compensation Program.

Section 4. Other Actions. The Authorized Officers of the Agency are each hereby authorized and directed to execute and deliver any and all documents which is

necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.


Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 18 day of June, 2009\_ by the following vote:

AYES: 5

NOES: 0

ABSENT: 0

  
\_\_\_\_\_  
Mark Fusselman  
Name

\_\_\_\_\_  
President of the Board of Directors  
Title

R:\SDRMA Prospective Member Services\Documents\Application Packets\CSDA Non-Member adding WC\Attachment 1 Resolution 6thAmended .DOC

## Exhibit B



June 16, 2009

Last meeting on May 21 2009 a member of the public, Ahmad Al-Ruosan made some discouraging and inappropriate comments and outright called a board member a thief and said he had intentionally stole money from him. This was totally false and Chuck Cantoni and the board deserve an apology. A mistake had been made by our bookkeeper because of a "memorized transaction" in QuickBooks. A copy of her statements is included;

Chuck,

I use "memorized transactions" (a template) for general journal entries that frequently occur (per Judy Hoag's instructions when I took over QuickBooks). The first transaction that I made to debit a developer's deposit was Al-Ruosan, so I memorized it. Now, when a developer pays with his deposit, I pull up the "memorized transaction" and change the information to the correct developer. I didn't catch that the developer was not changed from Al-Ruosan and his account was debited in error. I easily changed the journal entry to reflect the correct developer so the payment came out of the right account and Al-Ruosan's balance was returned to the correct figure.

In retrospect, I also use a template of sorts in creating payments to vendors (again, the way Judy has QuickBooks set up). This explains why the memo on David Edwards reimbursement check incorrectly displayed Health Insurance instead of his expense breakdown. Unfortunately, I noticed the error after the checks and reports had been printed. David says I should be able to turn off "auto fill", which will allow me to create each bill from scratch. I could also make a new each journal entry (from a blank field) instead of using the memorized transaction option for directors payments.

Please let me know if you need a better explanation on any of this. I am sorry for making several errors lately. I will take even more care to be sure all work is done accurately.

Thanks for your understanding,

---

Mr. Al-Ruosan's accusations are clearly false. Mr. Al-Ruosan was out of control and as the president of the board I asked him to leave. Members of the board, myself included were troubled by his attitude and anger. There were discussion from the board about the safety of the board members and some comments were made about that. I let Mr. Al-Ruosan's comments go one way to longer than I should have. A few days later I received by certified mail to my place of business a letter from Mr. Al-Ruosan. In the letter he says I asked him to leave and he did because it was my property. It is true that this meeting place is owned by me, but that had no way influenced my decision to ask Mr. Al-Ruosan to leave, nor did I mention anything about it being my property as his letter states. Mr. Al-Ruosan goes on to say that he was told that after he left a board member said "I have a license to carry". Mr. Al-Ruosan says that "this type of veiled threat is uncalled for" and goes on to say that threatening him is against the law and now has to ask himself if he needs to bring "protection to the next meeting". He closes he letter by saying that this is one more example of this boards disdain for the public.

I think clearly the actions and verbal abuse of the Board of Directors and of Mr. Cantoni by Mr. Al-Ruosan last meeting were out of line and to use his words, "uncalled for". I will not permit this type of disrespect for the board to happen again. If Mr. Al-Ruosan wants to be a good standing citizen of this community and can conduct himself in a civil, manner then we welcome him to the board meetings. The Board and the public should always conduct themselves in a professional businesslike manner at all times and no one should ever have to feel threatened by someone else. We all have to understand that sometimes people make mistakes and we won't always agree on everything. Sometimes we will have to agree to disagree.



Mark Fusselman

**Exhibit C**

**WALLACE COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2009-07**

**ADOPTION OF OPERATING BUDGET AND FEES  
FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2010  
(FISCAL YEAR 2010)**

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

1. During the Fiscal Year 2010 the services provided by WCSD to the property owners located within Zone One of WCSD will include the provision and maintenance of streets, curb, gutter drains, street lighting, recreation area/open space and water and sewer services.
2. During the Fiscal 2010, the services provided by WCSD to the Property owners located within Zone Two of WCSD will include the provision and maintenance of water and sewer services.
3. An operating budget (“Operating Budget”) for the provision of the above-referenced services (“Services”) has been prepared and presented to the Board of Directors of WCSD for approval.
4. The proposed Operating Budget is attached hereto as part of Exhibit: **WALLACE COMMUNITY SERVICES DISTRICT FY 2010 BUDGET** and incorporated herein by this reference.
5. The proposed Operating Budget reasonably and adequately reflects the anticipated and projected expenses of providing the Services within the boundaries of the WCSD.
6. The proposed Budget reasonably reflects the actual and reasonably anticipated and projected income to be derived from monthly utility charges for water and sewer services and the monies collected from all property owners within Zone One of WCSD for Fiscal Year July 1, 2009 through June 30, 2010.
7. The distribution of income generated through WCSD special assessment on property owners shall be annually reviewed and proportionately allocated by percentage to Services with the most need as part of the Final Adopted Budget. Midyear recalibration is permitted by Board vote to cover unexpected expense. Fiscal Year 2010 will allocate 20% to water and sewer, and 80% to all other Expenses.

**NOW THEREFORE, IT IS RESOLVED**, that the District hereby adopts the Operating Budget attached hereto for Fiscal Year July 1, 2009, through June 30, 2010 with Revenues in the Total Amount of \$240,489, including the collection of the monies from property owners within Zone One of WCSD for Fiscal Year July 1, 2009, through June 30, 2010.

**PASSED AND ADOPTED** by the Board of Directors of the Wallace Community Services District, at their regular meeting thereof, held on June 18, 2009, by the following vote:

AYES: - 4  
NOES: - 1  
ABSTENTIONS: - 0  
ABSENT: - 0

s / Mark Fusselman  
MARK FUSSELMAN  
President, Board of Directors

ATTEST:

s / D. E. Edwards  
David Edwards, Secretary

**Exhibit D**

**WALLACE COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2009-08**

**ADOPTION OF CAPITAL IMPROVEMENTS PLAN  
FOR FISCAL YEAR JULY 1, 2009 THROUGH JUNE 30, 2010  
(FISCAL YEAR 2010)**

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

3. During the Fiscal Year 2009-2010 the services provided by WCSD to the property owners located within Zone One of WCSD will include the provision for making capital improvements and repairs to the Water and Sewer Plants; and
4. A Capital Improvements Plan (the “Plan”) for the provision of the above-referenced services has been prepared and presented to the Board of Directors of WCSD for approval; and
6. The proposed Capital Improvements Plan is attached hereto as part of Exhibit: **WALLACE COMMUNITY SERVICES DISTRICT CAPITAL IMPROVEMENTS PLAN** and incorporated herein by this reference; and
7. The Plan reasonably and adequately reflects the anticipated and projected expenses of providing capital improvements and major repairs within the boundaries of WCSD; and
8. The proposed Plan reasonably reflects the actual and reasonably anticipated and projected funding to be derived from Capital Improvement Connections Fees (CICF).

**NOW THEREFORE, IT IS RESOLVED**, that the District hereby adopts the Capital Improvements Plan attached hereto for Fiscal Year July 1, 2009, through June 30, 2010.

**PASSED AND ADOPTED** by the Board of Directors of the Wallace Community Services District, at their regular meeting thereof, held on June 18, 2009, by the following vote:

AYES:	4
NOES:	0
ABSTENTIONS:	1
ABSENT:	0

s / Mark Fusselman  
MARK FUSSELMAN  
President, Board of Directors

ATTEST:

s / D. E. Edwards  
David Edwards, Secretary