

# WALLACE COMMUNITY SERVICES DISTRICT

P.O. Box 398, Wallace, CA 95254 209 763-2882

REGULAR MEETING, Board of Directors

## Minutes

Thursday, July 10, 2008

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

President Charles Cantoni called the meeting to order at 7:02 PM. Present were Directors Charles Cantoni, Rick Guantone, Mark Fusselman, and Bill Pugh. Director Schneider was absent.

Also present were General Manager David Edwards and Legal Counsel Michael McGrew.

### CONSENT AGENDA

#### 1. APPROVAL OF MINUTES

The minutes of the Special Meeting of June 12, 2008 were approved as written.

*Motion:* Rick Guantone

*Second:* Bill Pugh

*Passed:* 4-0-1

The minutes of the Regular Meeting of June 12, 2008 as corrected.

*Motion:* Mark Fusselman

*Second:* Bill Pugh

*Passed:* 4-0-1

#### 2. APPROVAL OF BILLS FOR PAYMENT

Check numbers 3984 through 4002 were approved for payment in the total amount of \$19,267.84, as recommended by the General Manager.

*Motion:* Bill Pugh

*Second:* Rick Guantone

*Passed:* 4-0-1

### REGULAR AGENDA

#### 3. PUBLIC COMMENTS

Ms. Jackie Neill discussed the water situation and the history of estimates of typical water use.

Mr. Ahmad Al Ruosan asked if the board was doing to do something about propane rates, which he believes are too high. Board members expressed their frustration at getting reliable competitive pricing and at getting Campora to respond.

Mr. Larry Howen asked if the lake weed and algae situation can be corrected. A lengthy discussion ensued on actions taken by past board to keep the lake clear. Director Cantoni said he would contact the people that do this type of work at the golf course at Greenhorn Creek. He also asked that the board self-assessment be put back on the agenda. Director Cantoni stated that it would.

Ms. Jackie Neill asked if the board committee was going to do anything with regard to community planning. A discussion ensued on the need to get started.

Mrs. Pat Bailey commented on an email to residents originated by Director Pugh, the unity of board actions, and a letter circulated in the community by WASS\_UP, and made a recommendation that the board should reduce the General Manager job to one-half time and revert to the 2005 budget.

#### **4. GENERAL MANAGER'S REPORT**

General Manager David Edwards summarized his written report to the board. He reported that Well #3 testing was progressing and near completion. He reported on repairs made to the water system, including replenishment of the water filter media and repairs to Well #3 control switches.

Mr. Edwards reported on the content of the recently distributed Consumer Confidence Report. In 2007 (calendar year) the average treatment level of iron in the water was below 10% of the State's Maximum Contaminant Level (MCL), a huge improvement over previous years.

Manager Edwards also reported on the equalization basin for the wastewater treatment plant (WWTP). He commented that there is a misconception in the community on why building the basin is necessary. To quote; "The WWTP was designed and allowed to be built with a totally inadequate equalization capability and no overflow protection at all. This eq project will fix some of those problems, and with some other design changes, we will have a much safer operation. ...."

Director Cantoni commented that the motivation for the project is to correct the design error, which creates a possible spill problem, and that attempts to firmly establish what causes peak flows has not been successful, required the District to design to accommodate peak flows. The correction will allow the District to remove the current moratorium on further home building.

Ms. Cathryn Jackson commented on the fact that problems in such areas as Murphy's have not resulted in fines. Mr. Edwards and Mr. Cantoni commented on the new Regional Water Quality Control standards and report system, stating that the District cannot rely on the idea that a spill would not result in a fine.

Mr. Edwards reported that he has been looking into purchasing radio read meters, and has discovered that CCWD is about to make a sizable purchase of meters, and that they will allow WCSSD to piggyback on the on their order. Approval is not needed at this time since specifications are still being worked out. Mr. Cantoni pointed out that coordinating with CCWD meets one of the LAFCO Water Forum objectives of having various districts in the county utilize common components and software.

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

Mr. Cantoni presented the President's report, stating first that financials for the month of June will be available at the next board meeting since this is year-end closing time. He reported that the auditor, John Blomberg, is advising the District on changes to make to the bookkeeping process that will give the board better visibility into the District's finances without having to create Excel spreadsheets.

Director Cantoni next outlined tasks that are in process, or need to be completed. They total 23 tasks that will need to be completed over the next year. He also pointed out that the Annual Service Plan has been completed in its first phase and given to directors at this meeting. The Plan includes system descriptions, risk analyses, growth projections and the Budget and Capital Improvements Plan for FY 2009. New to the Plan this year is the addition of operational plans and schedules that board members and the GM should monitor. These include the Emergency/Disaster Response Plan, the Water Shortage Contingency

Plan, the Ground Water Monitoring Plan and several other documents. The idea is to have a summary of annual activities in one location so that board members know what is required and has been typically done in the past.

Mr. Cantoni then addressed concerns previously expressed over the District paying attention to the primary objectives relating to water and sewer services. He explained, using graphical presentations, the natural concentration of the iron content in well water and the degree of reduction which treatment accomplishes. He showed graphs covering May 2004 through June 2008 that show that the problems of 2004/2005 have been corrected, and that residual iron content in the water is now typically at around 10 % of the MCL. Another graph showed how variable the iron content is from Well #2 over the years, yet treatment is successful as required by the State. Finally he discussed wastewater treatment. Graphs over the same period of time show that problems, as measured by the Biochemical Oxygen Demand, occurred in the 2006 time period, and that repairs made to the treatment plant by Mr. Edwards resulted in correct operation since early 2007.

Mr. Cantoni reported on the Rate Reduction Initiative, pointing out that legal counsel Mike McGrew provided the board with his written reasoning of illegal aspects of the proposed ordinance, and that the document had been provided to the County Elections department at their request. The department acknowledged receipt of the letter with the understanding that the issue would not be placed on the ballot.

Finally, Mr. Cantoni presented a graph showing the relationship between propane gas costs to the State vs. pricing from Campora. A discussion ensued, with emphasis on the fact that one needs to know conditions surrounding the state purchases before one can accurately compare the numbers.

## **6. COMMITTEE REPORTS**

- a. Finance - Mr. Guantone reported that the committee has been working closely with the auditor to make sure the year-end closing is done in accordance with the planned changes in the Quickbooks accounting procedures. He also reported that Mr. Jerry Zedlitz has volunteered to help the committee in making changes that will allow better reporting from the Quickbooks process.
- b. **Open Space** - No report as Director Schneider was absent. GM Edwards pointed out that Bruce's tree service had done a good job in cleaning up the point area on the north side of the lake.
- c. **Ad Hoc Propane** - Director Guantone expressed his frustration in getting competitive data and in getting Campora to respond to requested changes in the Campora Contract. A discussion ensued, including questions from Mr. Howen as the validity of the contract. It was concluded that the board president should discuss the matter with legal counsel to determine what should can or should be done.
- d. **Gates & Roads** - Nothing to report.

## **7. REMAINDER PARCEL WILL SERVE AGREEMENT (Continued from June 12, 2008 Meeting)**

A discussion was held on extension of the Remainder Parcel Will Serve Agreement as requested by Reynen & Bardis. A key term in the discussion is the desire on the part of the District to have the wells and water treatment plant deeded over to the District. Director Cantoni reported that deeding is not an issue, but the timing of when it will be accomplished is. The consensus of the board was that the District should continue to push for early deeding.



requested clarification as to the use of the word “restricted” in describing the reserve, and requested that it be changed per Special District Law. A copy of the policy as approved is attached as Exhibit B.

*Motion:* Chuck Cantoni

*Second:* Bill Pugh

*Passed:* 4-0-1

Discussion and possible approval of policies 7020, 7030, 7050 and 2270 were continued to the next Regular board meeting due to the lateness of the hour.

## **12. SUCCESSION PLANNING PER GOVERNANCE GUIDELINES – BOARD OFFICERS**

Director Cantoni read a memo to the board stating that he was serving notice that after the September 11, 2008 board meeting, he will be unable to serve as board president as he will be undergoing therapy for prostate cancer in the fall. He stated that he was willing to continue to serve on the board and can probably offer his services to do individual tasks, including participating in the quest for surface water for Wallace. Legal counsel suggested that the board elect a new president and vice-president, if needed, at the September 11 meeting.

## **13. LIABILITY INSURANCE FOR FY 2009**

Liability insurance for FY 2009 was discussed. SDRMA has provided a quotation, and offers liability limits of \$2.5M, \$5.0M or \$10.0M. Upon motion made and seconded, the board voted to stay with the \$5.0M limits used in the previous year and to approve payment of the policy premium of \$6,256.01.

*Motion:* Rick Guantone

*Second:* Bill Pugh

*Passed:* 4-0-1

## **14. ORGANIZATION AND FILING OF DISTRICT RECORDS**

Director Cantoni requested approval to hire a part-time individual of Temporary Agency individual to organize and update the filing system at the district office, and to file backlogged documents and reports. The directors approved the expenditure to a maximum level of \$2,500, with the understanding that results will be reviewed for further expenditures if appropriate.

*Motion:* Chuck Cantoni

*Second:* Bill Pugh

*Passed:* 4-0-1

## **15. CORRESPONDENCE**

Letter, from Neumiller & Beardslee, concerning new Brown Act legislation. President Cantoni announced that the district has been following the new law since May.

## **16. DIRECTOR’S COMMENTS**

Director Fusselman offered the opinion that members of the board and the community need to be more professional and to work together for the common good of the community.

Director Pugh thanked Mr. Cantoni for his service as president of the board.

## **17. AJOURNMENT TO REGULAR MEETING OF AUGUST 14, 2008**

The meeting was adjourned at 10:20 PM.

*Motion:* Bill Pugh

*Second:* Chuck Cantoni

*Passed:* 4-0-1

Respectfully Submitted:

---

David Edwards, Secretary

---

Charles Cantoni, President

## **Exhibit A**

# **Wallace Community Services District POLICY HANDBOOK**

**POLICY TITLE: Emergency Reserve**  
**POLICY NUMBER: 7010**

### **7010.1 General.**

The Emergency Reserve for the Wallace CSD includes funds held in the Unrestricted County General Account and the District's Bank of the West General Account.

### **7010.2 Authorization**

The Wallace CSD Emergency Fund is authorized by the board of directors, as allowed under California Community Services District Law, Section 61112 (a) wherein the board of directors may establish a designated reserve for contingencies. The Emergency Reserve is an unrestricted reserve. Changes to the location and number of accounts that constitute the Emergency Reserve may be made only by majority vote of the Board of Directors and shall be documented by changes to this policy. The current locations are designated in Section 7010.1 above.

### **7010.3 Sources of Funds**

Funds for the Emergency Reserve may come from the collection of water and sewer service revenues, from the Special Assessment imposed on all property located within Zone One of the District and from any other unrestricted funds obtained by the District.

### **7010.4 Purpose**

The purpose of maintaining the District General Accounts, and thus the Emergency Reserve, at a certain level is enable to District to function is case of emergencies. More specifically, the goal is to have sufficient funds on hand to be able to continue normal District operations for a period of at least three months in case of an emergency wherein sources of funds (service revenue and assessment) have been cut off. Based on budgeted expenses for Fiscal Year 2008, it is board policy that the Emergency Reserve should be maintained at a target level of at least \$70,000. This target may be adjusted by majority vote of the Board of Directors and documented by change to this policy.

### **7010.5 Uses and Restrictions**

The Emergency Reserve is an unrestricted reserve composed of the District's general funds held in the County General Fund (or other account designated in Section 7010.1 above) and in the District's general bank account. Funds from these accounts are used on a daily basis to finance the District's operations. Restrictions are set by the District's policies on approvals for expenditures, including board approval of all checks.

The Board of Directors establishes a budget each year, identifying sources and levels of revenue and expected expenses. It is the Board of Director's responsibility to monitor and control expenses in a manner that ensures that the target Emergency Reserve levels specified in Section 7040.4 are maintained.

## Exhibit B

# Wallace Community Services District POLICY HANDBOOK

**POLICY TITLE:** Repair & Maintenance Reserve  
**POLICY NUMBER:** 7040

### **7040.1 General.**

This designated cash reserve is funded by revenues from water and sewer services and by the County tax Special Assessment. Funds from these sources shall be transferred into the Repair and Maintenance Reserve from time to time in amounts to be determined and approved by the Board of Directors of the District.

### **7040.2 Authorization**

The Wallace CSD Repair & Maintenance Reserve is authorized by the board of directors, as allowed under California Community Services District Law, Section 61112 (a) wherein the board of directors may establish a designated reserve for contingencies. The Repair & Maintenance Reserve is a designated reserve.

### **7040.3 Uses and Restrictions**

The following sections define the uses of the Repair & Maintenance Reserve Cash and restrictions on use thereof.

**7040.3.1** The purpose of establishing and maintaining the Repair & Maintenance Reserve is to accumulate funds to be used in the repair and maintenance of any of the District's facilities, to include, but not be limited to the water and sewer systems, streets and streetlights and open space and recreational facilities. Establishment of the reserve allows the District to accumulate funds that can be used to accomplish substantial repair and maintenance that would not normally be funded from the operational budget.

**7040.3.2** Funds from the Repair & Maintenance Reserve shall not be used under normal circumstances to make capital improvements or replacements to facilities that would normally be funded by the Water and/or Sewer Reserves.

**7040.3.3** Repairs and maintenance accomplished with the use of these funds will not normally be capitalized on the books of the District.

**7040.3.4** Per the Community Services District Law, the following restrictions shall apply to the Repair & Maintenance Reserve.

- a) The funds in the designated reserve shall be spent only for the exclusive purposes for which the board of directors established the designated reserve.
- b) Any time after establishment of the reserve, the board of directors may transfer any funds to the reserve.
- c) If the board of directors finds that the funds in the designated reserve are no longer needed for the purpose for which it was established, the board of directors may, by a four fifths vote of the total membership of the board, discontinue the designated reserve and transfer any remaining funds to the District's General Fund.
- d) Notwithstanding any other provisions of this section, in a state of emergency the board of directors may temporarily transfer funds from this reserve for contingencies to the District's

General Fund. The board of directors shall restore these funds to the Repair & Maintenance Reserve when feasible.

- e) The board of directors shall adopt and annually review this policy for the management of this reserve.

#### **7040.4 Depository**

Funds in the Repair & Maintenance Reserve account shall be maintained in a separate, interest-bearing account with the County of Calaveras, or any other account as may be designated by a majority vote of the Board of Directors and documented in this Section 7030.5, and shall be classified as a designated reserve account.