

# WALLACE COMMUNITY SERVICES DISTRICT

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

REGULAR MEETING, Board of Directors

## Minutes

Thursday, November 13, 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 Mark Fusselman called the meeting to order at 7:00 PM. Present were Directors Charles Cantoni, Rick Guantone, Mark Fusselman, Floran Schneider and William Pugh. Also present was Legal Counsel Michael McGrew. General Manager David Edwards was absent.

### CONSENT AGENDA

#### 1. APPROVAL OF MINUTES

Approval of the minutes of the Regular Meeting of October 9, 2008 and the Special Meeting of October 23, 2008 were continued to the next regular meeting, pending re-write of certain sections. A motion was made to have director Cantoni revise the minutes and present THEM at the next board meeting.

*Motion:* Cantoni

*Second:* Schneider

*Passed:* 5-0-0-0

Discussions ensued on making board material for board meetings available electronically in the future. Director Cantoni volunteered the use of the [www.wallaceonline.org](http://www.wallaceonline.org) web site for this purpose.

#### 2. APPROVAL OF BILLS FOR PAYMENT

After discussion, check numbers 4086 through 4108, for a total amount of \$ 96,472.06, were approved for payment as recommended by the General Manager. In order to provide better visibility, it was recommended by the board that accounting include breakouts of individual amounts (lumped by expense category) in the check detail report (Excel spreadsheet) when multiple items are being paid to one vendor or individual.

For the approval of bills for payment:

*Motion:* Guantone

*Second:* Pugh

*Passed:* 5-0-0-0

### REGULAR AGENDA

#### 3. PUBLIC COMMENTS

Comments were made by the following members of the public in attendance.

Ms. Jackie Neill quoted from reports concerning the water situation with respect to the Trinitas golf course EIR and made a plea that Well #3 not be operated pumping water to waste.

Jerry Zedlitz noted that a culvert under Cormorant Drive needs to be flushed out, as well as a culvert under his driveway. Discussion ensued on whose responsibility is involved in the driveway culvert. Counsel McGrew commented that the responsibility should be delineated in the District ordinances.

Mr. Zedlitz also requested that a copy of the FY 2008 audit be posted on the web site. Mr. Cantoni noted that the audit is still in process, but will be posted once completed.

Ms. Neill pointed out that the drainage along the path behind her home needs to be cleaned out.

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

Director Cantoni offered comments on the GM report. He reported that the new Equalization tank at the sewer plant has passed the leak tests and re-distribution of the surrounding soil will begin next week.

A discussion ensued on the need to hire temporary help to organize the filing system at the office and to file documents from the past year. A lengthy discussion ensued on how to accomplish the various tasks of the District, including the Treasurer's role other administrative work. After discussion, it was concluded that the District must have a Treasurer who is not a board member, and that GM Edwards properly fills that role.

Director Fusselman stated that he would ask that the GM report be expanded to give more detail on tasks, schedules, budgets and expenses.

#### **PRESIDENT'S REPORT**

Mr. Fusselman gave his President's report. He first stated that he was glad to hear the discussion on how the various administrative and technical jobs of the District can be fulfilled, and the problems caused by a limited budget, making the hiring of all needed job skills difficult. He commented that this topic takes up a lot of time at each board meeting. He therefore will name a committee of board members to look into how we are organized and if there are possibly better ways to accomplish our goals. He asked that board members consider this approach for discussion at the next board meeting, with the object of naming the committee at that time.

#### **5. COMMITTEE REPORTS**

- a. Finance** - Rick Guantone – Director Guantone stated that the finance committee will do a mid-year analysis and produce a modified budget for the remainder of FY 2009. The Capital Improvements Plan will also be adjusted as necessary. He also commented that project cost accounting for the year should be up to date by the end of November, and that accounting is working with the auditor to get the Quickbooks balance sheet in sync with the FY 2008 audit results (June 30, 2008).

Mr. Cantoni then reviewed financial results for the period ending October 31, 2008. Mr. Cantoni stated that revenues are running as expected, and that expenses are below projection, primarily because on under-spending in the Roads and Other area. He noted that water system expenses are running high, primarily in legal and professional, maintenance & repairs, permits and fees and tools and supplies. Sewer expenses, on the other hand, are running below projections. He noted that legal expenses are running well above budget due to having legal counsel present at each meeting. The cash position at the end of October is good at \$112,875. Contributions to the Repair & Maintenance reserve will be at least \$30,000 this year, the same as last year. He noted that the sewer reserve is at \$281,560, bolstered by the \$150,000 loan, minus the first progress payment to the contractor of \$77,243.

b. **Open Space** - Florian Schneider. Nothing to report.

c. **Ad hoc Propane** - Director Pugh related the results of correspondence and conversations with PG&E regarding providing natural gas to the Wallace area. PG&E states that the nearest gas line is 2.5 to 3 miles from Wallace, and that running a line would cost approximately \$1.3 million. Director Cantoni stated that former Director Scotty Reisinger has volunteered to meet with Tom Campora with Director Pugh, with the goal of explaining the seriousness of the situation and need for Campora to prove that their gas prices are reasonable, as called for in the contract with WCSD. Mr. Pugh will work with Mr. Reisinger. The board consensus was to take this first step, and to then examine legal approaches if no success is achieved.

In the discussion, Mr. Howen questioned the legality of the Campora contract. Legal counsel stated that costs would be involved in researching the contract. Director Fusselman directed Director Pugh to begin the process as discussed, and to then examine legal aspects only if necessary.

At this point, Director Pugh left the meeting.

## **6. DEEDING OF WELLS, LAKE/OPEN SPACE AND WTP TO WCSD**

Director Cantoni led a discussion on deeding over certain properties from Reynen & Bardis to the District, as required by the Will-Serve extension agreement recently signed. District Engineer Ghio has reported that it will cost approximately \$23,000 to do the survey needed, write descriptions and easements, and record the deeds with the county. Mr. Cantoni reported that Reynen & Bardis have requested District help in accomplishing the goals.

Discussion first centered on concerns that, even if the survey work and write-ups are completed, banks or other institutions may not approve the transfers. Second, the consensus was that the financial responsibility lies with the developer, not the District. Public members expressed pessimism that the transfers can take place because of loans on the properties. It was pointed out that the developer has significant developer deposits with the District.

Upon further discussion, a motion was made by Mr. Cantoni as follows:

Moved that the District authorize Reynen & Bardis and associated persons to utilize deposit funds with the District to pay for the required surveys, documentation and filing. Resolved further that the available deposits include that for Mokelumne Oaks, the Remainder Parcel Plan Check and the Remainder Parcel General Deposit, and that once the work is completed and funded from the deposits, that further work by the District on behalf of Reynen & Bardis will be limited by the remaining deposit (estimated at \$8,000).

## **7. WATER CODE CHANGES (Continued from the October 9, 2008)**

The amendment to the water code was discussed. The Amendment was presented to the board for a first reading on October 9, 2008. Subsequently, a notice was published in the Calaveras Enterprise at least 5 days prior to this meeting. Mr. McGrew noted that he has suggested a format change which should be incorporated, which does not alter the content of the ordinance. A motion was made and approved to approve Ordinance 2008-01, amending the water code.

*Motion:* Guantone

*Second:* Schneider

*Passed:* 4-0-0-1

.Director Pugh was absent.

## **8. SEWER CODE AND DISTRICT POLICIES**

Upon motion made and approved, the Sewer Code and District Policy agenda items were continued to the next Regular meeting of the Board.

*Motion:* Guantone

*Second:* Schneider

*Passed:* 4-0-0-1

**9. WATER SHORTAGE CONTINGENCY PLAN (Continued from July 10, 2008 Meeting)**

Director Cantoni reviewed a second draft of the Water Shortage Contingency Plan. After discussion, it was pointed out that the document needs to accurately reflect the wording of the Water Code with regard to Water Use Prohibitions and Penalties. Upon motion made and seconded the Water Shortage Contingency Plan was approved contingent upon the Board's approval of the changes to the Water Code necessary to implement this plan, and contingent upon conforming wording to the Water Code..

*Motion:* Schneider

*Second:* Fusselman

*Passed:* 4-0-0-1

**10. CORRESPONDENCE**

Director Cantoni noted upcoming meeting that should be attended. He also noted that we have received a solicitation to obtain a "Special District" credit card. Director Fusselman encouraged application for this card at the next board meeting.

**11. DIRECTORS' COMMENTS**

A discussion ensued on what has and has not been accomplished by the District in the past two years. Director Cantoni expressed concern that the public and possibly board members do not understand what has been accomplished, the complexity of the work and the need to follow systematic methods in such areas as well #3 testing.

**12. AJOURNMENT TO REGULAR MEETING OF DECEMBER 11, 2008**

The meeting was adjourned at 10:45 PM.

*Motion:* Guantone

*Second:* Cantoni

*Passed:* 4-0-0-1

Respectfully Submitted:

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Charles Cantoni, Acting Secretary

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Mark Fusselman, President

**Exhibit A**

**WALLACE COMMUNITY SERVICES DISTRICT**

**RESOLUTION NO. 2008-07**

**ESTABLISHING SEPARATE RESTRICTED ACCOUNTS AT CALAVERAS COUNTY FOR THE REPAIR AND MAINTENANCE RESERVES FOR WATER, SEWER AND ROADS**

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

1. Special districts providing water, sewer and roads services should build repair and maintenance reserves in anticipation of future needs; and
2. The District has accumulated funds for such reserves in Fiscal Year 2008; and
4. According to California Government Code, funds collected for services must be used only for expenses associated with those services; and
5. The Calaveras County government provides a means of setting up such accounts, on an interest bearing basis; and
6. The WCSD Board of Directors has budgeted for continuing to build up these reserves in future years.

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

1. Approves the establishment of three (3) new accounts at the County, for the purpose of establishing Repair and Maintenance Reserves for Water, Sewer and General needs; and
2. Further, that the General Manager of the District is authorized to set up these additional accounts at the County of Calaveras, with signature requirements for transfer the same as the County “General Account” for the WCSD; and
3. The funds deposited in these accounts are to be used for the repair and maintenance of the described service areas.

**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:                    -            4

NOES: - 0

ABSTENTIONS: - 0

ABSENT: - 1

Director Pugh was absent.

CHARLES CANTONI  
President, Board of Directors

ATTEST:

David Edwards, Secretary