

WALLACE COMMUNITY SERVICES DISTRICT

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

REGULAR MEETING, Board of Directors

Minutes

Thursday, November 8, 2007

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 7:07 PM. Present were Directors Mark Fusselman, Rick Guantone, Bill Pugh and Floran Schneider. General Manager David Edwards was present and took roll and the minutes.

CONSENT AGENDA.

Approval of both bill payments and minutes were pulled from the consent agenda as members of the community had questions concerning them.

1. APPROVAL OF MINUTES

The minutes of the Regular Meeting of October 11, 2007 were approved as written.

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

2. APPROVAL OF BILLS FOR PAYMENT

Approval of bills for payment as approved by the General Manager was discussed. Mr. Larry Howen questioned the appropriateness of having the District purchase goods from an employee. After some clarification of billings and discussion of deposit refunds due a home owner, as suggested by Larry Howen, check numbers 3805 through 3827 were approved, with the qualification that the inspection fee refund contained in check # 3817 would be re-examined for correctness and adjusted accordingly.

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

REGULAR AGENDA

The Agenda order of the meeting was changed to allow for two presentations by visitors.

3. PRESENTATION from Communications/Advantage

Eric Shippman from Communications/ Advantage, LLC gave a presentation about his company which provides wireless internet services. He would use our water tower to place the receiving and sending antennas. There would be several different possible programs available to the District. One would be a percentage payment and another would offer a discount to their customers. There are many details that would need to be worked out including the need for Communications/Advantage to do a survey. They need a minimum of about 50 customers in order to provide service.

4. WCSD LPG PRICING

Presentation by Campora Propane Service regarding pricing of Liquefied Petroleum Gas within Wallace Lake Estates. Mr. Dave Ligon from Campora Propane Service gave a presentation about their company's pricing policy. He stated, that for comparison purposes, PG&E natural gas, when available, generally runs about 40% less than piped in LPG. Truck delivered propane to customer-owned tanks costs less than propane in our system. When doing pricing comparisons, there are 36 cu/ft to one liquid gallon of propane. Mr. Ligon predicted that propane gas prices would be going up significantly this winter. Finally, he stated that if we could come up with prices from other local pipe delivered propane systems he would provide comparable pricing.

Director Guantone agreed to attempt to get pricing from other systems. No further action was taken

5. PUBLIC COMMENT

During public comment:

- Cathryn Jackson made comments concerning oversight and the managers' position, expressing concern over the affordability of a full time general manager..
- Larry Howen also commented on oversight and the managers' position and repeated his request for copies of related documents.

6. GENERAL MANAGER'S REPORT

Mr. David Edwards commented on his GM report. A discussion ensued on effective methods of damage control from fires. Mr. Edwards suggested that the District should consider a grass clearing program in the future, to clear areas around homes, including areas in the Open Space. No action was taken.

Mr. Edwards reported on his discussions with the Foothill Fire District in stationing fire apparatus at Wallace. He also reported on other activities, including:

- Progress is being made on installing the sewer plant influent flow meter and completing the utilities connections for the office.
- The testing protocol for Well #3 has been completed and testing has begun first on Well #2, as required by this test protocol. Testing on Well #3 should begin soon. The eventual goal is to have both wells operating on an alternating day basis.

7. PRESIDENT'S REPORT

Director Cantoni gave his President's Report. He commented on the financial results for October. In summary, total budgeted income on a pro forma basis for October was \$5,204. Year to date total budgeted income was \$15,891. Total Working Cash on hand was \$120,070 vs. \$109,038 one year ago. Capital Project Work in Progress for the fiscal to date is \$6,303. Mr. Cantoni indicated that these financial numbers indicate that the District is operating in a fiscally sound manner. The pro form results achieved include the effect of setting aside funds for the new Repair & Maintenance Reserve of \$10,000 year to date (the budget for this reserve for the entire fiscal year is \$30,000). He pointed out that cash has not been moved into this new reserve as yet, pending guidance from our auditor as to the best practices for this reserve.

He commented on the Wallace Lake Drive cleanup and thanked volunteers Bill and Annabelle Pugh and Mike Haney.

Mr. Cantoni commented on project cost accounting. While the District's Quick Books accounting system is not set up for project cost accounting, a separate system has been set up using Excel (to avoid purchase of more expensive software). Results from this cost accounting system should be available soon. Meanwhile, a summary of the status of projects under way is shown in the following table.

Project	Title	Comments
07-01	Office Improvements	Work is about 80% complete. Costs have included trench work for the flow meter, future expansion and other needs.
07-02	Sand Filter Repairs	Have been delayed since quick repairs made allow continued operation. The major repairs still need to be completed.
07-03	Well #3 Testing	Testing has started on Well 3, should be completed by the end of November.
07-04	Influent Flow Meter	Concrete block vault is complete. Installation and wiring remain to be done. Should be completed by the end of November.
07-05	Trickling Filter Repair	Close this project and charge repairs to Repair & Maintenance category.
07-06	Water plant Bypass	This task is complete.
07-07	Sewer Buffer Tank	The design effort has been put on hold, per Board decision. Will re-examine in January.

Director Cantoni then commented on task scheduling and reporting. He stated that public comments have previously reflected a desire for the publication of more status information and on justification for the need for a full time general manager.

In order to better track progress on projects undertaken, the District has set up a new project schedule and status tracking system. A sample report was provided. This new system will allow the Board to better track progress on projects and to look at the tradeoffs between doing work internally vs. contracting to outside vendors.

With regard to the effectiveness of a full time general manager, and the ability to afford same, Mr. Cantoni stated that the pro form financials, presented at each board meeting, provide the means for the District Board to continuously evaluate the finances of the District, and thus determine trends, which may lead to higher surpluses or deficits. It thus reflects the combined effects of a full time GM and the work done internally by the GM to save money on tasks that might normally be contracted out. Mr. Cantoni then outlined savings and potential savings that have/will be achieved for the fiscal year. They include:

- At least \$10,000 expected to be saved in the sand filter re-build and trickling filter repairs at the sewer plant.
- An estimated \$4,000 to be saved on the influent meter installation.
- An estimate of about \$7,000 in costs associated with installation and hook-up of utilities for the District Office.
- A savings of approximately \$50,000 in testing and qualifying Well #3 for use in the water system.
- A savings of \$10,000 or more is anticipated on street repairs for this year.
- A savings of about \$15,000 by not replacing the gas chlorine system at the water treatment plant.

Director Cantoni concluded that the savings being achieved by having a full time general manager able to complete some of the needed projects in-house are substantial, and easily justify retained the GM on a full time basis.

While not discussed at the meeting, Mr. Cantoni provided a Summary Plan Description for medical insurance reimbursement for employees. The Plan and all documentation required to operate the reimbursement program (approved previously by the Board) were purchased from CoreDocuments for \$292.00.

8. COMMITTEE REPORTS

- a. Finance: None**
- b. Open Space: None**
- c. Gates & Roads**

Director Pugh suggested that, with the onset of daylight savings time, that the main gate could be closed earlier to provide better security. After discussion it was decided to leave the gate times unchanged.

9. TRES LAGOS

The Trees Lagos developer has indicated a desire to develop the commercial lots first for Tres Lagos, planning to build lower cost town houses. The ramifications on present and future will-serve agreements were discussed. A number of factors were discussed, including the following.

- It would not be possible to grant additional unconditional sewer service commitments until the input buffer tank for the sewer plant is completed.
- Movement of service commitments from the 26 homes to the town houses would likely void the tentative map for the 26 homes.
- Further discussion of the matter should take place with the developer.

10. DROUGHT PREPAREDNESS

The issue of Drought preparedness continues to come up. Director Cantoni reported on his attendance at a drought preparedness class in Sacramento. He sought guidance from the Board as to the next steps that should be taken, warning that preparation of an extensive drought preparedness plan would be expensive and time-consuming. Without formal action, the Board developed the consensus that the District should prepare a practical Draught Preparedness Water Conservation Plan.

11. BULK WATER SALES (Continued)

A bulk water sales contract, developed by Mr. Edwards and modified by District Counsel, was approved, charging the charge rate to \$5.00 per 500 gallons of water.

Motion: Guantone

Second: Cantoni

Passed: 5-0-0-0

12. FOOTHILL FIRE PROTECTION DISTRICT – WALLACE FACILITY

GM Edwards reported that he and Chief Siglio of the Foothill Fire District toured the District and reviewed possible sites for placing a firefighting apparatus or possibly a substation. They concluded that the best location is by the back gate on the Spray Field property. There was no action taken. Next Chief Siglio will discuss this with his Board of Directors.

Further items for discussion and possible action were postponed to a special meeting to be announced.

13. ADJOURNMENT TO A SPECIAL MEETING, DATE AND TIME TO BE DETERMINED.

The meeting was adjourned at 10:45 pm.

Respectfully Submitted:

David Edwards, Secretary

Charles Cantoni, President