

WALLACE COMMUNITY SERVICES DISTRICT

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

REGULAR MEETING, Board of Directors

Minutes

Thursday, September 11, 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 7:03 PM. Present were Directors Charles Cantoni, Rick Guantone, Mark Fusselman and Floran Schneider. Director Pugh was absent. Also present were General Manager David Edwards and Legal Counsel Michael McGrew.

CONSENT AGENDA

1. APPROVAL OF MINUTES

The minutes of the Regular Meeting of August 14, 2008 were approved as written.

Motion: Guantone

Second: Schneider

Passed: 4-0-0-1

The minutes of the Special Meeting of August 28, 2008 were approved as written.

Motion: Guantone

Second: Fusselman

Passed: 4-0-0-1

2. APPROVAL OF BILLS FOR PAYMENT

After discussion, check numbers 4032 through 4048, for a total amount of \$ 17,154.68, were approved for payment as recommended by the General Manager.

Motion: Schneider

Second: Guantone

Passed: 4-0-0-1

REGULAR AGENDA

3. PUBLIC COMMENTS

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

Ms. Jackie Neill discussed the My Valley Springs Group Community Planning effort and inquired of the Board committee efforts for Wallace. Director Cantoni stated that the Wallace effort will start shortly.

Mrs. Bailey inquired as to the need to run well #3 at this time. Director Cantoni replied that the well needs to be run because we anticipate further testing requirements from the State.

4. GENERAL MANAGER'S REPORT

GM David Edwards gave his report. He pointed out that Federal Regulations are being drafted that will put new requirements, possibly banning gas Chlorine facilities with more than 500 pounds on site. The District keeps a maximum of 300 pounds on site.

Mr. Edwards stated that the District received a water diversion notice from the State, requiring the District to not use water from the Wallace Lake because of draught conditions. The District received the same report last year, which was subsequently rescinded.

Mr. Edwards announced that there will be a first meeting of concerned agencies on the Water Element for the General Plan, to be held on September 25, 2008 at 9:00 am in San Andreas. He encouraged one or more board members to attend.

GM Edwards reported that the Equalization Tank project has begun and that we are on schedule for a completion in November of this year. He also discussed mineral testing for wells 2 and 3, pointing out that there are few differences between the wells. He stated that both wells have a negative Langelier Saturation Index number, -1.54 for well number 2 and -1.68 for well number 3. A level of -1 is considered to be mildly corrosive, -2 to be moderately corrosive. The matter will be researched further.

Mr. Edwards stated that he had begun installation of a wharf hydrant at the sewer plant, and commented that we have still not received written feedback from the State regarding well #3 testing and qualification.

5. PRESIDENT'S REPORT

Mr. Cantoni gave his report on August activities. He provided financial reports for the Fiscal Year ending June 30, 2008. He pointed out that for most of the year, the District was running ahead of budget (about \$11,000) but that legal costs of approximately \$7,500 associated with the initiative petition resulted in a reduction in the surplus at year end. He pointed out that working cash ended at close to \$110,000 with an additional \$30,000 being set aside in the new Repair and Maintenance Reserve.

Mr. Cantoni explained the accounting procedure changes being made, starting in June 2008, which will provide reasonable reporting and analysis from the Quickbooks reports. Financial reports for July and August were presented. Year to date results show that we have a surplus above budget of \$6,000, but most of the surplus is due to under-spending (\$4,000) in the Roads budget.

Mr. Cantoni provided a summary overview of plans and documents that the District needs and/or is working on. It was stressed that a risk mitigation plan on the Chorine gas is due around November 1, 2008. It was also pointed out that operational manuals for both water and sewer plans need to be completed – an important task which is part of our TMF requirements.

The storage module previously rented was discussed. Upon motion made and seconded, the board approved continued rental of the storage module at \$91.93 per month for the next six months (Starting with the September 11, 2008 payment), with the proviso that the management will look into the economics of purchasing a storage module in place of the rental.

Motion: Fusselman

Second: Cantoni

Passed: 4-0-0-1

The Board next discussed draft resolution Number 2008-07, regarding establishing separate restricted accounts at Calaveras County for the Repair and Maintenance reserves for Water, Sewer, and General needs. Upon discussion and comments from the public, the resolution was approved, with the proviso that the "Roads" reserve be changed to "General" reserve. A copy of the final Resolution is attached as Exhibit A.

Motion: Guantone

Second: Fusselman

Passed: 4-0-0-1

A letter was received from the Calaveras Public Power Agency soliciting nominations for membership to the CPPA Board of Directors. No nominations were suggested by board members.

Finally, Director Cantoni pointed out that Legal Counsel Mike McGrew has provided a letter of advice to the District on how to respond to Public Record requests.

6. COMMITTEE REPORTS

- a. Finance** - Rick Guantone – Director Guantone stated that once the Quickbooks changes are made, he will be meeting with Mr. Zedlitz to discuss further improvements.
- b. Open Space** - Florian Schneider. Nothing to report.
- c. Ad hoc Propane** - Director Cantoni, speaking for Director Pugh, reported that Director Pugh has received a letter from PG&E stating that they will be looking into providing natural gas for Wallace CSD.

7. WWTP EQUALIZATION TANK CONSTRUCTION

Director Cantoni commented on progress on construction of the Wastewater Treatment Plant Equalization tank. He announced that the Installment Sale Agreement documentation with CSDA had been completed and that funding in the amount of \$150,000 has been deposited in the District's Sewer Reserve account at the County. He also announced that, per the requirements of the installment purchase, a separate account will be set up at the County for these funds.

8. WATER CODE AND RATE CHANGES (Continued from the August 28, 2008)

An updated draft of changes to the District Water Code were then reviewed and discussed. Contemplated changes included the following.

- a.** Section 4.7. Destruction of an existing well requirements are dropped.
- b.** Section 4.12. The Underground Service Agency phone number is clarified.
- c.** Section .16. As-built drawings. Change 2 sets required to 4 sets required.
- d.** Section 6.5 Plans. Changes 3 sets required to 4 sets required.
- e.** Section 7.3. The Water Rate is set at \$45.00 per month. Effective July 1, 2009, the board may raise rates further, limited to the change in the previous year in the Engineering News Record Construction Cost index.
- f.** Section 7.4. Temporary water service. The rates of Section 7.3 now apply.
- g.** Section 7.4. Hydrant water transported by tanker truck. The rate is set at \$2.00 per 100 cu ft with a \$35.00 one-time application fee.
- h.** Section 8.2 Billings starting mid-cycle will be done on a pro rata basis.
- i.** I. Section 8.8. Liens will be governed by Section 61115 (c) of the California Government Code.
- j.** Section 8.9. Collection of Delinquent Charges shall be done per Section 61115 (b) of the California Government Code.
- k.** Section 8.11. Adjustment of Bills may be done by the General manager.
- l.** Article 9 – Water Conservation. This article is revised to include Water Shortage Procedures, Water Use Prohibitions, Baseline Amounts for Water Use Penalties, and Penalties for Excessive Use.

The ordinance changes will be introduced at the next regular meeting of the Board of Directors (October 9, 2008) for possible approval at a hearing to be held at the following board meeting on November 13, 2008.

9. SEWER CODE AND RATE CHANGES (Continued to the next Regular Meeting of the Board of Directors)

10. 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

11. BOARD SELF EVALUATION (Continued to the next regular meeting of the Board of Directors)

12. ELECTION OF BOARD PRESIDENT

Director Cantoni had previously announced that this meeting would be his last as president of the board. He therefore announced that nominations were open to elect a president to fill the rest of the term this year, since the Governance Guidelines call for officer elections in December of each year. Director Guantone nominated Mark Fusselman and Director Schneider seconded. Director Guantone then moved that nominations be closed, again seconded by Director Schneider.

On the motion to close nominations:

Motion: Guantone *Second:* Schneider *Passed:* 4-0-0-1

On the motion to elect Mark Fusselman as president of the Board of Directors:

Motion: Guantone *Second:* Schneider *Passed:* 4-0-0-1

Mr. Cantoni congratulated Mr. Fusselman on his election to this position.

13. DISTRICT POLICIES

Discussion and possible action of the following District Policies.

Policy #	Description	New	Modify
7020	Water Reserve	X	
7030	Sewer Reserve	X	
7040	Repair & Maintenance Reserve		X
7050	Special Assessments	X	
2270	Cell Phone Use	X	

This item was continued to the next meeting of the Board of Directors.

14. AJOURNMENT TO REGULAR MEETING OF OCTOBER 9, 2008

The meeting was adjourned at 10:00 PM.

Motion: Guantone *Second:* Cantoni *Passed:* 4-0-0-1

Respectfully Submitted:

David Edwards, Secretary

Charles Cantoni, 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