

reported that West Yost studies suggest that mirroring the current wastewater treatment plant might be the best way to increase the plant capacity. Finally, Mr. Edwards discussed the water level monitoring program being carried out by the District in cooperation with CCWD.

5. PRESIDENT'S REPORT

Report by C. Cantoni. The following subjects were discussed.

- Financial results for August. Mr. Cantoni reported that Total Budgeted Income for the month was \$2,433 on a pro forma basis. Year to date Income on the same basis is \$7,504. He pointed out that, due to a lack of analysis time, one expense check for \$2,500 is not included in the analysis and capital expenditures, which would reduce the expenses, have not been included. Working cash for the month came in at \$131,915, up from \$114,333 as of the end of July 2007.
- Audit for FY 2007
Mr. Cantoni presented financials for the Fiscal year ending June 30, 2007. These financials are un-audited, but in the audit format. Highlights included a 2.82 percent decrease in net assets to \$2,640,939, an operating revenues increase of 16.15 percent to \$212,031, and total operating expenses increased by 22.82 percent to \$302,001, including \$90,616 in depreciation.

We have changed auditors from Charles Strand to John Bloomberg at Blomberg & Griffin in Stockton. Our audit is underway.

- Depreciation Schedule
Mr. Cantoni presented a depreciation schedule, drawn up from historical documents. The new schedule separates out capitalized road expenses, which were previously included in the water and sewer assets. From this analysis, it is obvious that all water plant assets have not been captured in the past. The District will seek the auditor's advice on this matter.
- Engineering Services Rate Increase. A request for rate increase for engineering services from Weber Ghio & Associates was presented. By motion, the board approved the rate increase, to be effective October 1, 2007.
Motion: B. Pugh *Second:* R. Guantone *Passed:* 5-0-0-0
- President Cantoni showed our permit issued conjointly by both the County of Calaveras and State of California to use Gas Chlorine in our Water treatment process. The District must now submit a Risk Management Plan within one year.
- A discussion was held on options for a "Community Bulletin Board" to be placed just outside the front gate. Mike Haney and Chuck Cantoni have agreed to provide labor and shop services at no cost to the District. By motion, the Board approved the construction and installation of the bulletin board, with no more than \$350 to be expended by the District for materials.

Motion: B. Pugh *Second:* R. Guantone *Passed:* 5-0-0-0

6. COMMITTEE REPORTS

a. Finance

No report

b. Open Space

No report

c. Gates & Roads

Manager Edwards discussed a method for road maintenance for the next year

7. STREET REPAIRS

Director Pugh and General Manager Edwards presented a plan for street repairs for this year, utilizing equipment owned by Mr. Edwards, with an estimate of the cost for materials not to exceed \$5000 for patching alligator cracks and general cracks in the pavement throughout Wallace Lake Estates, and painting new lines. A motion was made and seconded to adopt this plan of maintenance for the fall of 2007.

Motion: C. Cantoni *Second:* R. Guantone *Passed:* 5-0-0-0

8. WCSD POLICY 2110 – HEALTH AND WELFARE BENEFITS (Continued)

Review of new draft of this policy, discussion and possible action. The Policy includes consideration of a providing health care benefits to employees and a Section 125 Cafeteria Plan for healthcare benefits. This policy was approved with the following additions.

- In 2110.1 line 3 the words ...”probationary and”... were removed.
- In 2110.1.1 line 4 the word ...”health”... was removed.
- In 2110.1.3 second line the “s” on plans was removed.

Motion: B. Pugh *Second:* R. Guantone *Passed:* 5-0-0-0

9. AMENDED BUDGET FOR FY 2008 (Continued)

Director Cantoni presented two options in revising the FY 2008 Budget. The revisions are necessary to reflect anticipated higher expenses and a reduction in the erroneously budgeted Special Assessment Revenue. The first option proposed reducing Repair and Maintenance Reserves for the year, the second reflected keeping the reserves the same and reducing the street repair expenditures from \$24,000 to \$14,000. The second option was approved by the Board by passing Resolution 2007-14 (attached as Appendix B).

Motion: R. Guantone *Second:* F. Schneider *Passed:* 5-0-0-0

10. BULK WATER SALES

A proposal was presented to set the ground rules for selling treated water from fire hydrants. The District gets requests for such sales from time to time. A draft sample Sales Contract was discussed, and the matter was continued to allow further refinement of the contract and to get Legal Counsel input.

11. SEWER PLANT OPERATION – INPUT TANK STATUS

A Status Report was given on Input Buffer Tank Design Task, including consideration of suspending design work pending clarification of Remainder Parcel status. The Board concluded that the tank can not, at this point, be implemented in time for winter rains, and thus voted to suspend the design effort. The Board therefore voted to discontinue the design effort.

Motion: C. Cantoni *Second:* B. Pugh *Passed:* 5-0-0-0

In place of this effort, the board passed Resolution 2007-15, which calls for the General Manager to proceed to draw up enhanced monitoring plans on influent flows, which will minimize the probability that a sewer spill would occur due to peak flow demands. The board passed Resolution 2007-15 (attached) reflecting these considerations and agreed to re-visit this subject in January of 2008.

Motion: B. Pugh *Second:* F. Schneider *Passed:* 5-0-0-0

11. REMAINDER PARCEL STATUS AND WCSD SITUATION

Mr. Cantoni reported on the status of the Remainder Parcel hearing, including his submittal of aquifer analysis documents for peer review by a County consultant.

He then discussed the possible need to disseminate factual information regarding WCSD’s situation re the development project. A short paper was presented outlining some of the misconceptions that are being discussed, and the associated facts. Director Cantoni suggested the Board might want to call a community meeting to discuss these issues. Upon further discussion, the board concluded that a meeting would not attract enough interested individuals. The Board requested Mr. Cantoni to draw up a facts booklet instead, which could be inserted in the monthly utilities billing.

12. SURFACE WATER FOR WALLACE – WCSD POSITION

The fact that various agencies are pushing for surface water for Wallace was discussed. The purpose of the discussion was to develop a sense of the Board’s position on the matter. After lengthy discussion, it was the consensus of the board that the WCSD should pursue any and all possible water sources including various possible surface water sources.

13. ADVANCE PAYMENT OF CICF (Continued)

This item, continued from the July 17, 2007 meeting, will be continued to the October board meeting.

14. CORRESPONDENCE

The following items of correspondence were presented and discussed.

- Architectural Committee Resignations from Jackie Neill and Pat Bailey (concurring copies sent to WCSD).
- Ethics Training. Reminder that Board members and the General Manager must undergo training before the end of the year.
- Calaveras Power rate decrease. The electrical power rate has been reduced to \$0.035 per kWh.
- LAFCO Special District Training. LAFCO is considering offering Special District Training. All board members and the GM expressed interest.

15. DIRECTOR’S COMMENTS

None

16. AJOURNMENT TO NEXT MEETING ON THURSDAY, OCTOBER 11, 2007.

Motion to adjourn the meeting at 10:45 PM.

Motion: B. Pugh

Second: M. Fusselman

Passed: 5-0-0-0

Respectfully Submitted:

s / David Edwards

David Edwards, Secretary

s / Charles Cantoni

Charles Cantoni, President

Exhibit A

Weber, Ghio & Associates, Inc.

professional engineers

RATE SCHEDULE

Effective January 2007

Principal Engineer	\$145.00/hour
Senior Civil Engineer	\$126.00/hour
Senior Planner	\$108.00/hour
Associate Engineer	\$110.00/hour
Assistant Engineer	\$100.00/hour
Engineering Technician	\$ 88.00/hour
Project Administrator/Assistant	\$ 88.00/hour
Senior Draftsperson	\$ 72.00/hour
Junior Draftsperson	\$ 57.00/hour
Construction Inspector II	\$ 85.00/hour
Construction Inspector I	\$ 73.00/hour
Resident Engineer	\$107.00/hour min.*
Office Manager (III)	\$77.00/hour
Computer Operator (II)	\$ 71.00/hour
General Office Personnel (I)	\$ 65.00/hour
CADD System	\$ 17.50/hour
Court Appearances - Expert Witness	\$200/hour, \$500 min.

Vehicles @ \$.50/mile.

Blueprints per print schedule.

Materials and Outside Services will be billed at actual cost plus 15%.

*Rate dependent upon project complexity and client requirements.

Exhibit B

WALLACE COMMUNITY SERVICES DISTRICT

RESOLUTION 2007-14

**A RESOLUTION AMENDING THE WALLACE COMMUNITY SERVICES DISTRICT (WCSD)
BUDGET FOR FISCAL YEAR 2008**

WHEREAS: The Wallace Community Services District (WCSD) APPROVED THE ANNUAL BUDGET FOR Fiscal Year 2008 at its June 13, 2007 meeting of the WCSD Board of Directors; and

WHEREAS: The directors have subsequently discovered an error in the assumed assessment revenue for the year; and

WHEREAS: The Directors desire to make changes to various expense categories; and

WHEREAS: Per Special District Law (Chapter 249 of the CA Government code) (SB 135), Section 61111 (a) states that the Board of Directors may adopt a resolution at a regular or special meeting amending the budget, other than adjusting reserves;

NOW THEREFORE, the WCSD Board of Directors hereby amends the WCSD FY 2008 Budget as follows.

1. The budgeted assessment revenue for the year is reduced to \$71,200.
2. The budgeted allocated Road Revenue is decreased by \$13,234 and the available funds are re-allocated to Water and Sewer Revenues.
3. The wages and benefits provision for the year is increased to meet expected requirements.

The revised budget is shown in the following pages, along with notes explaining the changes. These changes shall be incorporated in the final budget.

INTRODUCED AND ADOPTED on this 13th day of September 2007, by the following vote:

AYES, in favor hereof:	5
NOES:	0
ABSENT:	0
ABSTAIN:	0

Charles Cantoni
President, Board of Directors

ATTEST:

David Edwards
Secretary

		2007 Budget	2008 Budget	
Water System Revenue/Expense				
Operating Revenue				
	Monthly Service Revenue	\$42,841	\$50,400	
	Volumetric Revenue	\$20,572	\$21,613	
	Proposed Rate Increases		\$0	
	Temporary	\$3,519	\$2,500	
	Late Charge Income	\$365	\$500	
	Inspection fees	\$3,750	\$1,000	
	Encroachment	\$2,500	\$0	
	Other Operating Income	\$598	\$500	
	<i>Total Operating Revenue</i>	<u>\$74,145</u>	<u>\$76,513</u>	
Non-Operating Revenue				
	Assessment Tax Revenue	\$9,738	\$8,544	
	Connection fees	\$12,530	\$54,000	
	Trans Conn Fees to CIP	(\$10,989)	(\$51,000)	
	Trans to R&M Reserve	\$0	(\$15,000)	Kept at \$15,000
	Architectural Revenue	\$400	\$0	
	Interest Income	\$3,959	\$4,350	
	<i>Total Non-operating Revenue</i>	<u>\$15,638</u>	<u>\$894</u>	Increased \$4,464 due to above
	Total Water System Revenue	<u>\$89,783</u>	<u>\$77,407</u>	Increased \$4,464 due to above
Expenses				
Variable				
	SSWTP Water		\$0	
	Chemicals	\$6,904	\$1,500	
	Fuel & Oil	\$250	\$200	
	Mileage	\$600	\$400	
	Permits & Fees	\$5,194	\$2,400	
	Utilities	\$6,826	\$3,200	
	Wages/Benefits	\$4,750	\$9,735	Increased due to increased benefits
	Miscellaneous	\$250	\$100	
	<i>Total Variable Expense</i>	<u>\$24,774</u>	<u>\$17,535</u>	Increased \$1,257 due to above
Fixed				
	Accounting	\$3,335	\$1,000	
	Advertising & Promotion		\$200	
	Auditor	\$2,049	\$2,500	
	Bank Charges	\$47	\$35	
	Director Fees	\$1,200	\$1,800	
	Education		\$600	
	Equipment	\$500	\$1,500	
	Engineering	\$6,000	\$2,200	
	Ground Water Monitoring	\$0	\$0	
	Insurance/Liability	\$2,400	\$2,200	
	Legal/Professional	\$6,000	\$3,100	
	Maintenance/Repairs	\$7,500	\$10,000	
	Office Expense	\$1,854	\$3,750	
	Postage	\$624	\$580	

	Secretarial	\$0	\$0	
	Services	\$500	\$0	
	Telephone	\$342	\$300	
	Testing Services	\$6,836	\$5,000	
	Tools & Supplies	\$2,459	\$1,000	
	Wages/Benefits	\$16,625	\$22,714	Increased due to increased benefits
	Miscellaneous	\$250	\$100	
	<i>Total Fixed Expense</i>	\$58,521	\$58,579	Increased \$2,533 due to above
	Total Water System Expense	\$83,295	\$76,114	Increased \$3,790 due to above
	Net Water System Income	\$6,488	\$1,292	Increased \$673
	Sewer System Revenue/Expense			
	Operating Revenue			
	Monthly Service Revenue	\$67,859	\$75,600	
	Volumetric Revenue	\$0	\$0	
	Proposed Rate Increases		\$0	
	Temporary	\$0	\$0	
	Late Charge Income	\$365	\$500	
	Inspection fees	\$3,750	\$1,000	
	Encroachment	\$2,500	\$0	
	Other Operating Income	\$598	\$500	
	<i>Total Operating Revenue</i>	\$75,072	\$77,600	
	Non-Operating Revenue			
	Assessment Tax Revenue	\$9,738	\$21,360	
	Connection fees	\$50,011	\$54,000	
	Trans Conn Fees to CIP	(\$44,051)	(\$51,000)	
	Trans to R&M Reserve		(\$15,000)	Kept at \$15,000
	Architectural Revenue	\$400	\$0	
	Interest Income	\$3,959	\$4,350	
	<i>Total Non-operating Revenue</i>	\$20,057	\$13,710	Increased \$3,526 due to above
	Total Sewer System Revenue	\$95,128	\$91,310	Increased \$3,526 due to above
	Expenses			
	Variable			
	SSWTP Water		\$0	
	Chemicals	\$3,718	\$3,000	
	Propane	\$250	\$200	
	Mileage	\$600	\$400	
	Permits & Fees	\$5,194	\$6,800	
	Utilities	\$6,826	\$3,500	
	Wages/Benefits	\$4,750	\$9,735	Increased due to increased benefits
	Miscellaneous	\$250	\$100	
	<i>Total Variable Expense</i>	\$21,588	\$23,735	Increased \$1,257 due to above

	Fixed				
	Accounting	\$3,335		\$1,000	
	Advertising & Promotion			\$200	
	Auditor	\$2,049		\$2,500	
	Bank Charges	\$47		\$35	
	Director Fees	\$1,200		\$1,800	
	Education			\$600	
	Equipment	\$500		\$500	
	Engineering	\$6,000		\$3,000	
	Ground Water Monitoring	\$12,704		\$8,200	
	Insurance/Liability	\$2,400		\$2,200	
	Legal/Professional	\$6,000		\$2,000	
	Maintenance/Repairs	\$7,500		\$8,000	
	Office Expense	\$1,854		\$3,750	
	Postage	\$624		\$580	
	Secretarial	\$0		\$0	
	Services	\$500		\$0	
	Telephone	\$342		\$300	
	Testing Services	\$6,836		\$8,000	
	Tools & Supplies	\$2,459		\$850	
	Wages/Benefits	\$16,625		\$22,714	Increased due to increased benefits
	Miscellaneous	\$250		\$100	
	<i>Total Fixed Expense</i>	\$71,225		\$66,329	Increased \$2,533 due to above
	Total Sewer System Expense	\$92,813		\$90,064	Increased \$3,790 due to above
	Net Sewer System Income	\$2,315		\$1,246	Decreased \$264 due to above
	Road Revenue/Expense				
	Revenue				
	Assessment Tax Income	\$58,425		\$41,296	Reduced \$13,234
	Architectural Income			\$1,400	
	Transfer to Architectural Fund			(\$1,400)	
	Encroachment			\$2,000	
	Gate Remote			\$350	
	<i>Total Revenue</i>	\$58,425		\$43,646	Reduced \$4,690 due to above
	Expenses				
	Maintenance - Roads	\$20,000		\$14,000	Reduced by \$10,000 to \$14,000
	Maintenance & Repair			\$1,000	
	Wages/Benefits	\$4,750		\$4,142	Decreased \$3,565, Re-allocation
	Weed abatement	\$3,500		\$3,500	
	Insurance/Liability			\$2,200	
	Engineering			\$2,500	
	Telephone			\$300	
	Trail Maintenance	\$2,000		\$1,500	
	Streetlight Utilities	\$3,413		\$3,700	
	Streetlight repairs	\$2,000		\$2,300	

	Gate repairs	\$3,500	\$5,500	
	Lake	\$13,500	\$1,500	
	<i>Total Expenses</i>	\$52,663	\$42,142	Decreased \$3,565 due to above
	Net Road Income	\$5,762	\$1,504	Reduced by \$725
	Total Budgeted Income	\$14,565	\$4,042	Reduced by \$317