

WALLACE COMMUNITY SERVICES DISTRICT

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

SPECIAL MEETING, Board of Directors

Minutes

Thursday, March 26, 2008

Mark Fusselman's Barn, 9500 Wallace Lake Drive, Wallace Ca 95254

The meeting room was opened at 6:35 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 7:00 PM. Present were Directors Charles Cantoni, Rick Guantone, Floran Schneider, Mark Fusselman and Bill Pugh.

General Manager David Edwards was present and took roll and the minutes.

The meeting opened with the call for a motion to add an agenda item (per the Brown Act, Section 54954.2 (b) (2) to support the CSDA and Senator Elaine Alquist with a letter.

Motion: Cantoni

Second: Pugh

Passed: 5-0-0-0

SPECIAL MEETING AGENDA

1. MID-YEAR FINANCIAL REVIEW

President Cantoni presented a discussion of year-to-date financial results through January 31 and projection for the remainder of Fiscal Year 2008. The discussion included a revised format financial report for results as of February 29, 2008.

The revised format financial report provided bar graphs showing revenue, expenses, and income for water, sewer and roads compared to budgets. The revised format was presented in order to allow better understanding of the financial performance of the District during the fiscal year. Through February, 2008, the numbers show an income surplus of approximately \$13,000. Cash balance positions were also presented in bar graph form, including a 10-year look at the District finances. These 10-year analyses showed that the District cash position was declining to a low in 2005, but that the combination of more users and higher water and sewer rates reversed the trend to where the District is now able to set aside funds in a much needed reserve for repair and maintenance.

Director Cantoni then reviewed a year-end projection, based on results through the end of January, and on known future expenses that would influence the outcome at fiscal year end. This projection (re-calibration) shows that the District should end the fiscal year with a total budgeted income of \$7,423 vs. the budget of \$4,043. Mr. Cantoni cautioned the board that unexpected problems at either plant could significantly affect this projected surplus. He further noted that any surplus at year end would go to the Emergency Reserves fund.

2. MAJOR PROJECTS REVIEW

Director Cantoni next presented a review of major projects, accomplished and planned, for the water and sewer plants. This included cost analysis as it pertains to the FY 2009 budget discussions, including the cost impact of the contemplated WWTP Equalization/Overflow tank project.

The Projects review covered calendar years 2007 and 2008 (including projected activities). The projects were separated into repair projects and capital improvement projects. While the purpose of the analysis was to allow the board to gain an understanding of how much of the GM's time is typically spent on Capital projects (important in setting the FY 2009 budget), the analysis also included an estimate of what the costs would have been (and/or will be) if the District contracted to outside contractors for repair and capital improvement projects.

The analysis shows that in calendar year 2007, project costs totaled approximately \$51,300. Had the work been done by outside contractors, the estimated costs would have been approximately \$108,000. The District thus saved approximately \$56,700 by utilizing the knowledge and capabilities of the General Manager in accomplishing the work.

For calendar year 2008, which includes completed and future projects, the expected cost of projects presented was approximately \$43,500 vs. an estimated cost using outside contractors of approximately \$106,700, a savings of approximately \$63,200. The report showed that the single largest project is the "proof of treatment" for well #3, a project that is estimated to be completed for approximately \$18,300. Using an outside contractor suggested by the Department of Health services, the estimated cost was in excess of \$60,000. The District is thus saving about \$41,700 on this project.

The report will be utilized as an element in preparing the FY 2009 budget.

3. REPAIR AND MAINTENANCE RESERVES

A discussion was held on the progress made in establishing the new Repair & Maintenance Reserve, including sources of funding and a review of known future needs. As of the end of February, 2008 \$20,000 has been set aside in the Repair and Maintenance Reserve, as planned. Mr. Cantoni explained that this important reserve has been missing in prior District planning and is now being successfully implemented this fiscal year.

Director Cantoni then presented a review of known future needs for repair and maintenance of the water plant. In 2006, Harper Associates prepared an analysis of the water plant condition, funded by developed Reynen and Bardis. The work included physicals inspection of the plant and water tanks, inside and out. The report, published in May 2006, made recommendations on repairs and maintenance needed. They also provided engineering estimates on the costs of completing these repairs totaling about \$120,000. They recommended that the repairs be completed in 2 to 3 years from the date of inspection. Subsequent to the inspection, the District had both water tanks cleaned as a first step. The remaining work needs to be done and is a strong motivator to build up the reserve.

Respectfully Submitted:

David Edwards, Secretary

Charles Cantoni, President