

WALLACE COMMUNITY SERVICES DISTRICT

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

SPECIAL MEETING of the Board of Directors

Minutes

Wednesday, August 28, 2008

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

CALL TO ORDER AND ROLL CALL

President Charles Cantoni called the meeting to order at 7:08 PM. Present were Directors Charles Cantoni Rick Guantone, Mark Fusselman and Floran Schneider. Director Pugh was absent. General Manager David Edwards was present and took the minutes.

SPECIAL AGENDA

1. WATER CODE AND RATES

A discussion was held regarding possible changes to the water Code, including consideration of water conservation encouraging rates, future rate changes, base charges, water shortage contingency regulations and rates, and temporary water connection rates. To aid in the discussion, an Excel worksheet was presented and discussed, which showed what rates would be necessary to provide revenue to cover all expenses and depreciation. Director Cantoni began the discussion by stating that Legal Counsel Mike McGrew had recommended leaving the basic rate structure in place as is.

The discussion centered on two main topics as follows:

- Should the rate structure be modified to encourage more conservation?
- Should the annual escalating clause be eliminated?
- Should the rate structure be modified (increased) to cover depreciation.?

Modifying the rate structure to encourage more conservation was discussed, including reducing the base included water from 1,200 cu ft to 500 cu ft. Board members noted that such a move would tend to penalize the small user more than the large user, and that if such a change were to be made, more analysis of the effects would need to be done. Public comments reflected concern over making such a change.

The annual escalating clause was discussed. It was pointed out that the clause places a limit of increasing rates, but is not clear on mandating an increase. After much discussion, it was concluded that the clause should remain, but be clarified to state that annual increases may be made, but are not required to be made.

The depreciation issue was discussed at length. It was observed from the spread sheets that covering depreciation, in addition to all other expenses, would require a significant rate increase. It was observed that the current rates, supplemented by revenue from the Special Assessment, are providing about \$15,000 each year for the Repair and Maintenance Reserve. This funding can be considered as partially covering depreciation needs. It was concluded that partial coverage of depreciation is a reasonable approach for the District to take.

The draft Water Code Document was then reviewed in detail in order to allow a second draft to be prepared for a future meeting. The following comments were noted.

- a. Section 4.7 contains a clause stating that a property owner with water service from the WCSD must destroy any existing well(s). The validity of this clause was questioned and referred to the district Engineer and Legal Counsel.
- b. Section 4.12 on Street Work was corrected to eliminate reference to WUUA.
- c. Section 4.16. Change two sets to four sets of As-built drawings are required.
- d. Section 6.5 on Plans. Change two sets to four sets of As-built drawings are required.
- e. Revise Section 7.4 on Temporary Water Service to reflect a rate equal to the residential rate.
- f. Section 8.2 Billing. Include reference to pro rata billing for partial months.
- g. Section 9.2 on Definitions. Define "Water saving toilet" as per current State of California standards.
- h. Section 9.3.5 on Swimming and Wading Pools. Clarify that filling of pools should be done as determined by the General Manager.
- i. Section 9.3.7 on Charge for Wasted Water. Eliminate this section.
- j. Section 9.5 on Water Use Prohibitions. Eliminate "No irrigation during rains."
- k. Section 9.6.1 on Baseline Amounts. Express as a percentage of use from the last calendar year of normal use.
- l. Section 10.7 on Restoration of Service. Change the charge to 3 times the base rate of Section 7.3.

Based on the above, the Board requested that Mr. Cantoni revise the draft Water Code changes for discussion at the next Regular Meeting of the Board.

2. SEWER CODE AND RATES

A discussion was held on possible changes to the Sewer Code, including consideration of appropriate rates and future rate changes.

To aid in the discussion, an Excel worksheet was presented and discussed, which showed what rates would be necessary to provide revenue to cover all expenses and depreciation. It was pointed out by Director Cantoni that the sewer operation requires a larger supplement from the Special Assessment in order to break even when setting aside \$15,000 for the Repair and Maintenance Reserve. The effect of trying to cover depreciation with the current rate structure was discussed. It was concluded that partial coverage, as is now being accomplished with the R&M reserve, is a reasonable approach to take.

The draft Sewer Code Document was then reviewed in detail in order to allow a second draft to be prepared for a future meeting. The following comments were noted.

- a. Correct the Table of Contents, which is mis-displaying the last section of each Article.
- b. Correct the definitions – they appear to have come from the water code.
- c. Section 3.2 on District's Responsibility for Sewer System. In sub-section b), remove "once installed by the District."
- d. Section 3.4 on Sewer Required. Use a better definition of "building."
- e. Section 3.6 on Mandatory Septic Tank Inspections. A discussion was held on the state requirement that septic tanks be periodically inspected. The discussion included the imposition of an inspection fee if the inspection was done by WCSD and a registration fee if done by an outside firm. Public discussion was heated and was finally ruled out of order. Director Cantoni then called for a motion to adjourn.

3. ADJOURNMENT

The meeting was adjourned at 10:30 PM.

Moved: Guantone

Seconded: Schneider

Passed: 4-0-0-1

Respectfully Submitted:

David Edwards, Secretary

Charles Cantoni, President