

# WALLACE COMMUNITY SERVICES DISTRICT

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

SPECIAL MEETING, Board of Directors

## Minutes

Tuesday, September 22, 2009

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

### CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:06 PM by Board President Mark Fussleman. Present were directors Mark Fussleman, Charles Cantoni, Richard Guantone and William Pugh. Also present was General Manager and Secretary/Treasurer David Edwards. Director David Reyner was absent.

#### **1. ANNUAL SERVICES PLAN – (Continued from the September 17, 2009 Meeting)**

Chuck Cantoni went over the Annual Services Plan. He summarized the statements made in the State of the District Section. This section reviews the history, finances, current operations, accomplishments, growth projections and organization of the District. The report concludes that the District is now operating with positive operational cash flow, with funds being set aside for reserves. It is concluded that the District is in reasonably good financial condition, but the reserves are still too low. If significant growth does not occur soon the water and sewer rates should to be re-examined. The rates may have to be raised to cover the expenses of the necessary repairs and replacements in both plants, or if unexpected high expenses occur. The only anticipated problem right now are the trickling filters at the wastewater plant. At the moment there are two trickling filters that are leaking.

The Plan includes a summary of the LAFCO Municipal Service Review conducted in 2004, and provides a growth projection on which the budgets are based.

The Plan provides a review of the condition of the water and sewer plants, and presents risk analysis regarding both plants.

The Plan includes analysis of the water system capacity, and reviews the state engineering standards that govern the design of the system. The risk analysis includes a description of the need for a risk mitigation system for the chlorine gas system.

Mr. Cantoni reviewed the section on financial reports. Per the requirements of special district law the District must publish quarterly financial reports that are signed by the Treasurer and kept on file.

The board voted to approve the Annual Service Plan

*Motion: R. Guantone*

*Second: B. Pugh*

*Passed: 4-0-0-1*

#### **2. PROPOSED WCSD POLICY 7060, ACCOUNTING PROCEDURES (Continued from the September 17, 2009 Meeting)**

Mark Fussleman suggested that we table this and let the new board deal with any changes to the policy. Chuck Cantoni said he would like to see the policy put in place and the let the new board amend it as they see fit. Mr. Cantoni stated that the purpose of the policy is to document the financial

procedures that are in place. He further stated that lack of documentation is an issue and it is important to set a baseline.

Jerry Zedlitz stated that there should just be a generic statement that says the district will adhere to state law in regards to any financial or accounting procedures. Mr. Zedlitz asked that the board not put this policy into place because he feels there will be a different approach with the new board.

Mr. Cantoni moved that the board accept the procedure with a title change to "Finances of the District." After further discussion the board voted to approve the policy.

*Motion: C. Cantoni*

*Second: B. Pugh*

*Passed: 4-0-0-1*

### **3. BUDGET REVISION, FY 2010 OPERATING BUDGET (Continued from the September 17, 2009 Meeting)**

Mr. Cantoni presented a draft revised budget for Fiscal Year 2010. The revision is proposed to reflect the change in the General Manager position with the departure of David Edwards and the appointment of Reid Johnson. After discussion, the revised budget was approved.

*Motion: R. Guantone*

*Second: B. Pugh*

*Passed: 4-0-0-1*

### **4. APPLICATION FOR REINSTATEMENT AND EXTENSION OF WILL SERVE AGREEMENT 2004-01, MOKELUMNE OAKS DEVELOPMENT**

Mark Fussleman stated that the District had received a communication from the new owner of Mokelumne Oaks in the form of a letter asking that the District reinstate and extend the will serve agreement for that project. Mr. Cantoni stated that a literal reinstatement is not likely in view of the fact that some of the terms of the original agreement are very likely not acceptable to the district. Mark Fussleman asked if we are legally obligated to serve them due to the sphere of influence.

Mr. Cantoni pointed out that recent statement by LAFCO executive Director John Benoit would indicate that if a development is within a sphere of influence, that development cannot seek to create another district.

Jackie Neill stated that if the new board went to LAFCO and asked them to shrink the sphere of influence, they would do so.

Mark Fussleman suggested that the board table this issue and let the new board handle it. Director Cantoni stated that he did not agree. He stated that growth of revenues is important to the District, as pointed out by LAFCO and various District consultants. For example, the LAFCO municipal service review from 2004 concludes that the future of this district is in doubt unless it expands. Mr. Cantoni said he believes that LAFCO will not shrink the sphere of influence. Rick Guantone suggested the prudent thing to do would be to find out if it is an obligation or a choice to provide services. Chuck Cantoni moved that the item be continued and that the District work to resolve the obligation issue. The motion was approved.

*Motion: C. Cantoni*

*Second: B. Pugh*

*Passed: 4-0-0-1*

### **5. CONDITIONS FOR ESTABLISHING A WATER CONNECTION TO THE WCSD SYSTEM FOR RESIDENT MARK FUSSELMAN.**

Director Guantone conducted the meeting for this agenda item. He noted that Mr. Fusselman had submitted an application for potable water service for his property at 9500 Wallace Lake Drive. Mr. Cantoni presented a draft resolution concerning the issue, stating that the resolution contained wording

recommended by Michael McGrew, District legal counsel. After discussion, Resolution 2009-11, attached as Exhibit A, was approved by the Board. Board President Mark Fusselman abstained.

*Motion: C. Cantoni*

*Second: B. Pugh*

*Passed: 3-0-1-1*

## **6. DIRECTOR'S COMMENTS**

None

## **7. ADJOURNMENT TO REGULAR MEETING OF OCTOBER 15, 2009.**

Upon motion duly made and seconded, the board voted to adjourn the meeting to the next regular meeting of October 15, 2009.

*Motion: B. Pugh*

*Second: R. Guantone*

*Passed: 4-0-0-1*

Respectfully Submitted,

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T. Jones Administrative Assistant

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Mark Fusselman, President

**Exhibit A**

***WALLACE COMMUNITY SERVICES DISTRICT***

***RESOLUTION NO. 2009-11***

**CONDITIONS FOR RE-ESTABLISHING A WATER CONNECTION TO THE WCSD  
SYSTEM FOR RESIDENT MARK FUSSELMAN**

**WHEREAS**, the Board of Directors of WALLACE COMMUNITY SERVICES DISTRICT (“WCSD”) hereby finds and determines as follows:

1. Mr. Mark Fusselman has requested potable water service for his property located in Wallace (Parcel 048-018-159-000); and
2. The subject property owned by Mr. Fusselman was originally owned by developer Jimmie Winchell, prior to the creation of the Wallace Community Services District; and
3. When the water and sewer systems infrastructure was constructed there was a water connection to subject parcel for well water (not treated); and
4. When Mr. Fusselman purchased the parcel, he continued to have service for water on an intermittent basis; and
5. The District did not install a water meter for the connection, but instead billed Mr. Fusselman for electrical power used; and
6. The original connection was part of the initial construction of the water plant and water distribution system and was paid for by Jimmy Winchell; and
7. The connection was disabled in 2006 when the Remainder parcel developer installed a new pump and motor in Well 3 (the location of the connection to the Fusselman water line); and
8. Mr. Fusselman pays the \$500.00 Annual Special Assessment (funds used for various purposes, including support of the water system expenses), even though his property is outside Zone One of Wallace Lake Estates; and
9. Mr. Fusselman has provided his barn as the meeting place for the monthly and sometimes bi-monthly meetings of the WCSD Board of Directors for the past 13 years, at no charge to the district for the facility and/or utilities associated with the meetings.

**NOW THEREFORE, IT IS RESOLVED**, that the District hereby:

1. Declares that the District will provide potable water to the subject property, and
2. Costs for making the connection shall be the responsibility of Mr. Fusselman, per Article 7, Section 7.1 of the District Code, Chapter 1, Water Code. The Board of Directors determines

these costs to be the actual costs of the meter, other materials, labor and inspection for making the connection plus \$150.00 for the standard connection fee; and

3. Mr. Fusselman shall be responsible for the cost of installing any and all necessary water lines to convey the water from the WCSD water line (location and method of connection to be approved by the District General Manager) to the destination, including any water line necessary to be located on District property; and
4. The \$9000.00 Capital Improvements Connection Fee will not be imposed in recognition of the financial contribution that has been made through the years in providing a meeting facility at no charge to the District; and
5. Rates and Charges for Metered Service shall be as provided in Article 7, Section 7.3 of the District Code, Chapter 1, Water Code.

**PASSED AND ADOPTED** by the Board of Directors of the Wallace Community Services District, at their special meeting thereof, held on September 22, 2009, by the following vote (Director Fusselman abstained):

AYES:	-	4
NOES:	-	0
ABSTENTIONS:	-	1
ABSENT:	-	0

Rick Guantone  
Vice-President, Board of Directors

ATTEST:

Reid Johnson, Secretary of the District