

WALLACE COMMUNITY SERVICES DISTRICT

P.O. BOX 398
Wallace, CA 95254

MINUTES

Regular Meeting of the Board of Directors

August 14, 2006

Meeting Place:

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

1. ROLL CALL.

Interim President Charles Cantoni called the meeting to order at 7:00 PM. Directors present were Charles Cantoni, Mark Fusselman, Rick Guantone, Cathryn Jackson, and William Pugh. Also present were General Manager, Gary DeJesus and Administrative Assistant, Jackie Neill.

2. PUBLIC COMMENT

Lowell Reiswig spoke on behalf of R&B Homes. Mr. Reiswig stated that he had been contacted by John Reynen to take over the homes in Wallace Lake Estates Unit 1 that Mr. Reynen was involved in and make the necessary repairs and/or alterations. The following is a list of the problems and the proposed solutions:

- A. Lot 44 alterations have been submitted to the Architectural Committee and are awaiting Calaveras County approval.
- B. Lot 45 is for sale.
- C. Lot 46, owned by John Reynen, has had the deck removed that was in violation of the Calaveras County set-back requirements and the Wallace Lake Estates Unit 1 CC&R's and a partial deck will be added.
- D. Lot 117 that violated the Wallace Lake Estates CC&R set-back requirements will be built now that additional property has been purchased the house will meet the set-back requirements.
- E. Lots 109 & 112 both have failed foundations and repairs will begin immediately.

Mr. Reiswig stated that he will not be involved in the Remainder Parcel Development. It was suggested that the variance granted for Lot 46 was to be added to the deed for that property and the District should follow through on that addition.

Audience member, Larry Howen, thanked Director Pugh for posting the time of Architectural Committee meeting. Mr. Howen stated that the AC meets in secret and no agenda or minutes are posted. He added that the meeting had been changed to 5:00 PM so only retired people can attend the meeting. Architectural Committee member, Pat Bailey informed Mr. Howen that the meeting time had been changed

to accommodate an elected member of the Architectural Committee who works nights.

The work being done on Lot 77 was discussed. An Encroachment permit has been issued and the septic tank has been installed. Mr. Smallie, owner of Lot 77 stated he wanted to be a good neighbor and was taking care of all issues on Lot 77.

3. APPROVAL OF MINUTES.

The Minutes of July 13, 2006 were reviewed and approved as written.

Moved: Bill Pugh Second: Mark Fusselman Unanimous

The Minutes of July 26, 2006 were reviewed and approved as amended.

Moved: Bill Pugh Second: Cathryn Jackson Unanimous

4. GENERAL MANAGERS REPORT.

General Manager, Gary DeJesus, reported completing and submitting the DHS permit amendment and stated the District should have something in writing by the next Board Meeting.

Mr. DeJesus reported on the problems at the Water Treatment Plant. He stated heat had caused the pumps to trip off and when he made his rounds on Monday afternoon there was only 2 feet of water left in the Ground Storage Tank. Mr. DeJesus said that although no water was being pumped into the system the chemicals had continued to be added to the system resulting in pink water. Mr. DeJesus also stated that it took four days of continuous running to refill the tank to its shut-off point.

Mr. DeJesus stated Cooper Controls can work on a solution to this problem at a cost of \$500.00 to \$2000.00. Director Cantoni asked about the back-up well (#3) and Mr. DeJesus agreed that the controls would be needed on both wells. Mr. DeJesus said that there is now an auto-dialer at the plant that is not hooked up because of lack of a phone line to the plant.

Director Cantoni stated that the inspection reports from West-Yost seem to indicate that the tanks should be flushed and asked if that was possible with the present configuration. Mr. DeJesus responded that the only way to flush the tanks was through the fire hydrants.

Mr. DeJesus will have a proposal next month for the monitoring system at the WTP.

Mr. DeJesus reported on the problem at the Waste Water Treatment Plant. An air line had disconnected and Pacific Mechanical had repaired the line. The Control

Panel had a failed circuit board and a sand filter coil had been replaced.

Mr. DeJesus discussed the meeting he and Director Cantoni attended with Jason Preece in May, 2006 concerning the scope of work they proposed for well testing. The work described in that meeting had been done at Well 1 however Mr. Preece had changed the scope of work to be done when he got to Well 3. Mr. Preece has stated this brief test will tell him how to prepare a report to know what testing needs to be done. Mr. DeJesus reported that Mr. Preece said the purpose of the work he is doing for his client, John Reynen, is to prove there is enough water for 400 hook-ups.

Mr. DeJesus reported CCWD wants to work with him to participate in a study by installing water level testing equipment. Mr. DeJesus spoke to Mr. Preece about modifying the well heads to accommodate the testing equipment as the results of such a study would be very useful.

5. COMMITTEE REPORTS.

A. Gate/Road Committee.

Harry Neely discussed the cracks and alligating and the need to seal the roads before it rains. Director Pugh reported he has been given a list of Contractors that are able to do the work and stated that there is a need for a Request for Quote, to get this project moving. Mr. Neely stated the District's Engineer, Roark Weber should put out the Request for Quote and ask all interested bidders to come to Wallace Lake Estates on a specific date for a walk through. The Directors agreed that this would be the best path forward considering the time restraints.

Director Pugh also reported on the damage to the yoke on the front gate and stated it was repaired by S&K.

B. Lake/Open Space Committee.

Director Mark Fusselman reported there had been a meeting of the Lake and Open Space Committee. Mr. Fusselman stated Kleinfelder will forward to the District what needs to be done to repair the lake and the District will need to obtain bids. The next meeting of the Lake and Open Space Committee is September 7, 2006.

C. Finance Committee.

Director Jackson and finance committee member Al Plesel presented a written recommendation to the Board. After stating that the Capital Improvement Plan (CIP) included \$378,000 of Capital Expenditures for the Water System and funding that would require an additional 142 homes in 22 months, the proposal asked the Board to revisit the CIP in terms of the latest studies and priorities. The proposal also urged the District to meet with the Developer immediately and specify a time-line for the water

system improvements. The proposal asked that the CICF increase not be heard at public hearing until the needs of the District and the costs could be identified.

Director Cantoni stated that he was not in favor of postponing the increase in the Connection Fees. Director Guantone stated that the process should move forward because the District will be farther behind if action isn't taken. Director Cantoni stated that there is another source of funding. The District can determine the costs and then calculate what the sewer and water rates should be. Mr. Cantoni stated that there is an approved CIP in place that includes the Developer contributions. The Connection Fees increase should be in place, then the Board can work on the CIP again without the Developer support if need be, to increase fees again. Director Cantoni said, "We also need to look at increasing Sewer and Water Rates."

Motion to proceed with previously approved connection fee increase.

Moved: Rick Guantone Second: Mark Fusselman Unanimous

As a result of the foregoing discussion, the Finance Committee is authorized to look into additional planning, CIP, Connection Fees, Rate increases and structure if the Remainder Parcel Development is significantly stalled. (PLAN B)

Moved: Cathryn Jackson Second: Bill Pugh Unanimous

Director Cantoni stated that Mr. Reynen assignment of the Will Serve Agreement to R&B has been made, but not approved by the District.

Fiscal results for the month of July were presented. Mr. Cantoni pointed out that pro forma revenues for the month of July for water and sewer were \$18,950, expenses were \$10,308, leaving a surplus of \$8,642. Director Jackson pointed out that the revenue included a \$4,300 recovery from Brown Act requirements.

Pro Forma Road Revenues were \$4,869 and expenses were \$ 597, leaving a surplus of \$4,271.

Overall pro forma revenues were therefore \$23,819 and the surplus for the month was \$12,913.

5. CONSENT TO APPROVE BILLS FOR PAYMENT.

Bills for payment #3456-#3464 and #3501-#3508, were approved. The different set of numbers was due to the Bank changing names and new checks being issued.

Moved: Bill Pugh

Second: Rick Guantone

Unanimous

6. ACTION ITEMS.

A. LPG PLANNING.

Director Guantone reported that he and Director Fusselman met to develop a recommendation to the board concerning ownership of the LPG lines. Mr. Guantone stated he and Mr. Fusselman agree the District should retain ownership of the lines. Several issues were discussed including what that means in terms of the Will Serve Agreements previously agreed to by the Board. Also discussed was the rental fee that the District could charge Campora for the lines. Director Cantoni stated the District will need to contact Campora and work on modifying some of the Will Serve Agreements, depending on where final ownership of the gas lines lies.

B. BOYD DEVELOPMENT.

The District Engineer's proposals were discussed including the suggestion that a \$12,000.00 fee be charged and put aside for road repair. This is estimated to be half of what is necessary to repair the road properly after access to mains. Mr. DeJesus requested the storm drain problem be filled with road base and compacted instead of the straw suggested by the District Engineer as the District is responsible for weed control in that area. Mr. DeJesus also questioned the District being responsible for the hot taps and the problems that may arise. Director Cantoni will contact Roark Weber with these suggestions.

C. DISTRICT ENGINEER REPORT ON WATER/SEWER USE STANDARDS.

Andre Harper of ECO:LOGIC is working on the study. Study will be reviewed at next meeting.

D. EMERGENCY/DISASTER RESPONSE PLAN.

Mr. Cantoni presented a template for a Emergency/Disaster Response Plan (EDRP), taken from the DHS web site. Mr. DeJesus stated that there is a copy of the Midway Heights Emergency Plan and it may have a format that lends itself more properly to a district of this size. The two documents will be examined and merged into a plan that best suits out District. The Plan will be reviewed at next months meeting.

E. RESPONSE TO THE ARCHITECTURAL COMMITTEE.

Mr. Cantoni asked the Directors if the Board thought there was a response required to the letter sent by Gerald Zedlitz, Chairman of the Wallace Lake Architectural Committee. After discussion it was determined that no response was necessary.

F. ELECTION OF OFFICERS.

The next topic discussed was election of officers of the Board, to fill the void left by the resignation of Scotty Reisweg. Director Jackson asked for a moment of Directors time and handed out a memo that was a motion to adopt a policy that states "All business relationships with clients, developers, their representatives and contractors shall follow an arms length negotiation business policy". It further states that all meetings should be attended by a second Board Member and all negotiations should be shared with the full board. Director Cantoni stated that a change in the Governance Guidelines would be needed and that such a topic needed to be on the agenda, which it was not. Mr. Cantoni also stated that all Board Members had previously signed a Calaveras County Form 700 Statement of Interest and therefore any other statements are unnecessary. Director Jackson requested that the item be placed on the next regular meeting agenda.

Director Bill Pugh nominated Charles Cantoni for Board President. Director Cathryn Jackson nominated Rick Guantone who declined the Nomination. The nomination for Mr. Cantoni was seconded and Charles Cantoni was elected President by unanimous vote.

Director Mark Fusselman nominated Rick Guantone for Vice President. The nomination was seconded. There were no other nominations and Rick Guantone was elected Vice President by unanimous vote.

Per the Governance Guidelines, the Term of Office for these Elected Offices will be until January 2007.

8. CORRESPONDENCE.

An invitation to attend the Open-house at Weber-Ghio was read to the Board Members.

The WCSD Board has one vote for CSDA elections. The vote was assigned to Mr. Larry Brilliant.

Director Cantoni read an E-mail regarding a meeting with DHS. Reynen & Bardis representative West-Yost and Directors Cantoni and Pugh will attend.

9. DIRECTORS COMMENTS.

Director Cantoni stated that he and Director Guantone would be attending the LAFCO meeting and making a presentation based on the Annual Service Plan that has previously been given to LAFCO.

Director Bill Pugh stated he is happy to see Mr. Reiswig and hear his statements. Mr. Pugh is encouraged that things will be done right now.

Director Jackson stated that Mr. Reiswig could make a difference especially if he starts immediately. Ms Jackson also stated that whenever the CIP is shared it must be stated that it is un-audited.

Director Guantone stated he appreciated the confidence of the Board and the amount of work being done. Mr. Guantone also stated funding was going to be a difficult issue.

Director Fusselman stated he too would be available to attend the DHS meeting if necessary.

10. ADJOURNMENT TO THE NEXT REGULAR MEETING-SEPTEMBER 14, 2006.

Respectfully submitted,
FINAL MINUTES

Jackie Neill, Administrative Assistant

Charles Cantoni, President, WCSD