

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
SIERRA LAKES COUNTY WATER DISTRICT**

**July 9, 2010**

**Time: 5:00 p.m.**

**Place: 7305 Short Road, Serene Lakes, California**

**I. Open Meeting**

Directors in attendance at the Sierra Lakes Board Room were:

Director Wade Freedle – President  
Director Gene Bowles  
Director Ulrich Luscher

Director Martin D. Bern joined the meeting at 5:25 p.m. by telephone from 560 Mission Street, 27<sup>th</sup> Floor, San Francisco, California

Director Bill Oudegeest was absent.

Staff members present: Bill Quesnel and Anna Nickerson

Guests present were: See Attached

Minute Recorder: Anna Nickerson

**II. Public Forum – None**

**III. Consent Items Calendar**

The “Consent Items Calendar” was presented to the Board for review and approval. The consent items included the minutes from the June 4, 2010 Regular Meeting, June 21, 2010 Special meeting, the June 2010 Check Register, and two new vendors; Orr Safety and James Marta & Company.

**A motion was made by Director Luscher and seconded by Director Bowles “to accept the consent items.”** The motion passed on a roll call vote. Ayes: Freedle, Luscher, and Bowles Noes: none. Absent: Bern and Oudegeest. Abstentions: none

**IV. Operations**

A. Mr. Quesnel’s “Operations Report” was presented to the Board for review and discussion. Mr. Quesnel said that after his report had been prepared, he received Donner Summit Public Utilities District’s (DSPUD’s) flow report. The report showed that Sierra Lakes County Water District’s (SLCWD’s) flows for June 2010 were 53.6% of the total flow, compared to flows from June 2009 of 53.5% and June 2008 of 50.2%. This information showed that the closing of

the Donner Summit rest areas had little effect on the flow percentage however, both Districts also showed high levels of I&I.

Mr. Quesnel also reported that he had met with Don Beldon about marking trees for removal on several specified lots. He said that Mr. Beldon had flagged trees on the Serene lot near Island and the Serene lot at the face of Kilborn. Mr. Beldon had not marked trees on the lot near the frog pond as requested but Mr. Quesnel said he would follow-up with Mr. Beldon about that lot. In addition, Mr. Quesnel said he had been in touch with Washington Ridge about laborers to perform the lot clearing work but would not be able to talk to the appropriate person until Tuesday July 13, 2010. He estimated that the actual clearing would take about three days at a rate of \$200 to \$250/day.

Director Luscher asked if Mr. Quesnel had looked at Mr. Beldon's markings. Mr. Quesnel said he had but that he thought the lots could have been a little more aggressively marked. Director Bowles said he had been by the sites as well and had heard comments supporting a more aggressive approach but thought the first clearing could be done on a more conservative level; more could be cleared if needed.

Director Bowles asked about the "no dig lateral repair" mentioned in Mr. Quesnel's report. Mr. Quesnel explained the process of installing liners to repair breaks in laterals, he also said that 100 pieces of the new liner repair technology were scheduled to be installed in the Colfax District and one in the Truckee District. The price per lateral was around \$3,000 to \$4,000 but compared to the price the District is paying to repair a typical break (about \$2,000) the new technology could be a good alternative for hard to repair leaks especially when shoring and traffic control were required.

Director Luscher asked what was next in regard to the lot clearing; how would the public be approached. After some discussion, Mr. Quesnel said he would post a write up at the pump stations and post notices on the trees at the various locations.

Director Bowles asked if Mr. Quesnel had had time to follow-up on the pump station analysis to determine which sections were having the most problems. Mr. Quesnel said he hadn't had the time but that he would follow-up and report back at the next meeting.

B. Mr. Quesnel's Construction Contract Award recommendations were presented to the Board for review and approval.

**A motion was made by Director Luscher and seconded by Director Bowles to "approve Mr. Quesnel's recommendation for project 10-002".** The motion passed on a roll call vote. Ayes: Freedle, Luscher, and Bowles Noes: none. Absent: Bern and Oudegeest. Abstentions: none

**A motion was made by Director Luscher and seconded by Director Bowles to "approve Mr. Quesnel's recommendation for project 10-003".** The motion passed on a roll call vote. Ayes: Freedle, Luscher, and Bowles Noes: none. Absent: Bern and Oudegeest. Abstentions: none

Prior to the vote, Director Luscher asked about the failure mentioned in Mr. Quesnel's write-up. Mr. Quesnel explained that in the past few years approximately 20 stainless steel sleeves with locking gears had been installed in the District. However, this year one of the pipes broke during the installation. But, because the line only serviced one residence and the break did not seem to interrupt service, there was not need to immediately repair the pipe. The cost of the repair was estimated to be less than \$5,000.

**A motion was made by Director Luscher and seconded by Director Bowles to “approve Mr. Quesnel’s recommendation for project 10-004”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, and Bowles Noes: none. Absent: Bern and Oudegeest. Abstentions: none

**A motion was made by Director Luscher and seconded by Director Bowles to “approve Mr. Quesnel’s recommendation for materials observation and testing services”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, and Bowles Noes: none. Absent: Bern and Oudegeest. Abstentions: none

C. Mr. Quesnel's "Training Policy Recommendation" was presented to the Board for review. He explained that District employees have now received the necessary training to reach their required certification levels and that the policy provided for continuing education to maintain those certifications. However, if an employee desired to achieve a higher level of certification to qualify for a higher rate of pay, the employee would need to take that training on their own time; the District would not pay for training above the required certification level. Both Director Bowles and Director Luscher felt the policy wording needed to be clearer on what training the District would and wouldn't pay for. Mr. Quesnel said he would make some changes to the policy to be reviewed at the next meeting.

#### **IV. Old Business**

A request to move item IV. C. "Wastewater Plant Upgrade/Expansion" up the agenda was granted by the Board and discussed prior to the "President's Report".

A. Director Freedle's "President's Report" was presented and discussed by the Board.

B. Director Freedle reported on the "Update on Water Rights Permit" as part of his President's Report. That report said that the Water Supply Study had been completed, in terms of the statistical work, and that a draft report would be prepared and taken to Andy Fecko at PCWA for his comments and opinion about how the document would be received by the State Water Board. In addition to the report contained in Director Freedle's President's report, the Board discussed the additional biological and cultural studies that had previously been put on hold. Director Freedle agreed to contact Craig Stevens to follow-up on the previously proposed biological and cultural studies and approve him to perform "drive by" studies.

C. Donner Wastewater Plant Upgrade/Expansion Facility Plan was discussed by the Board prior to Director Freedle's "President's Report".

1. A letter to DSPUD in support of expediting ECO:LOGIC's Engineering Design schedule was presented to and accepted by the Board with no discussion.
2. A letter dated July 1, 2010 from Kirk Syme, Royal Gorge, was presented to the Board for review.
3. A draft letter dated July 2, 2010, in response to Mr. Syme's letter was presented to the Board. The discussion was tabled until the Board made the decision on the number of additional EDU's to be requested in the new plant.

After the Board discussed item 4 "A draft letter to DSPUD regarding the number of additional EDUs...", and a decision was made as to how many additional EDUs would be requested in the Wastewater Plant Upgrade/Expansion, the Board then discussed the draft letter addressed to Kirk Syme.

**A motion was made by Director Luscher and seconded by Director Luscher to "approve the letter to Kirk Syme except to replace the number 230 with 200".** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

4. A draft letter to DSPUD regarding the number of additional EDUs to be requested in the plant upgrade/expansion was presented and discussed by the Board. Director Freedle explained that after a discussion with Jeff Hauser, from ECO:LOGIC, it was determined that there were certain parts of the plant (about 80% of the facilities) that would need to be sized and installed now to accommodate the ultimate capacity of the plant. It was also estimated that 80% of the costs associated with the expansion facilities would have to be spent now, leaving only a minimal cost to be paid at the time of actual capacity expansion. Director Freedle also said he felt the Board had an obligation to provide capacity to the un-built, subdivided, lot owners. Initially, SLCWD had requested an additional 80 EDUs of expanded capacity. Director Freedle proposed that the Board increase its request to 230: an amount equal to the 260 un-built lots less an amount for possible lot consolidations. Director Bowles said that Mr. Hauser needed to know what the ultimate capacity of the plant was going to be in addition to the current capacity needs.

The Board discussed the probability of the District achieving full build-out. Director Bowles said he thought that if un-built lot owners were subject to an annual assessment to insure capacity and could not afford to build on their lots, those lot owners may consider selling their lots to someone who could build; increasing the probability of achieving full build-out. Director Freedle added that there were no guarantees of any future expansions so there could be no guarantee that a lot owner could get capacity in the future if they opted out now. Also, if DSPUD didn't need any more capacity in the future but SLCWD did, SLCWD would have to pay 100% of the design and expansion costs to get more capacity. Director Luscher moved to change the District request to 200 additional EDUs in the plant expansion project. Director Bern asked if the District would be committing to pay for the 200 additional EDUs without knowing whether there were 200 customers willing to pay for them. Director Freedle explained that Mr. Hauser needed the anticipated ultimate capacity number, since 80% of the facilities would have to be planned for

and installed now, in order to determine the price of an additional EDU. Once the price was determined, the District could poll the un-built lot owners to determine who wanted capacity. However, there was a risk that Mr. Hauser would not be able to scale back the design of the new plant should the polling result in a number significantly less than 200 EDUs; he could probably reduce the plant size but it could add to the design costs. The discussion included Director Bern's concern about future growth of the District; he felt that even a request for 200 additional EDUs was excessive given the current economy. Director Freedle suggested that the Board submit the higher number and poll the un-built lot owners as soon as Mr. Hauser determined the cost of a new connection. Kirk Syme, Royal Gorge, added that the cost of the environmental reviews should be taken into account because if the District underestimated the required EDUs and tried to increase the plant size subsequent to the environmental reviews the change could be costly. The Board agreed to decide on a higher number with the possibility that, for a fee, the design of the new plant could be adjusted down if enough lot owners requested to "opt out" and not be included in the expansion.

**A motion was made by Director Luscher and seconded by Director Bowles to "authorize 200 additional EDUs in the plant upgrade/expansion project".** The motion passed on a roll call vote. Ayes: Freedle, Luscher, and Bowles Noes: Bern. Absent: Oudegeest. Abstentions: none

**A motion was made by Director Bowles and seconded by Director Luscher to "make the changes to the draft letter and send it to DSPUD".** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

5. Bill Quesnel's memo dated 7/2/10, "Calculation of EDU Charges to Fund DSPUD Expansion" was presented and discussed by the Board. Director Luscher requested some changes to the spreadsheet and Director Bowles had some questions regarding the underlying calculations. The Board agreed that the spreadsheet was a good profile and as more information regarding the costs associated with the upgrade and expansion portions of the new plant become available, the spreadsheet would be updated and reviewed again.

6. Director Freedle's memo regarding the status of the draft letter to undeveloped lot owners was reviewed by the Board. Given the discussions regarding the number of additional EDUs that would be requested in the plant upgrade/expansion and the lack of costs associated with the expansion, the draft letter was put on hold until Jeff Hauser could incorporate the new capacity numbers into the design and determine the cost of and expansion connection.

7. Joseph Gray's 7/5/10 e-mail regarding "ECO:LOGIC's Over-Specified and Over-Designed Upgrade Proposal" was presented and reviewed by the Board.

8. Joseph Gray's 7/6/10 e-mail regarding "Facilities Plan Meeting, notes on red worms" was presented to the Board.

Director Bowles commented on Mr. Gray's e-mails. He said that Mr. Gray's comments reflected a position of only looking out for the current rate payers but that the Board needed to give the un-built lot owners consideration in any decisions as well. He also said the Mr.

Gray's comments reflected a confidence in the current AccuWeb system that was not necessarily shared by others. Director Luscher said that Mr. Gray made some very good points and that some of his opinions were shared by Jim Gesselbract, the District peer review engineer. But due to time restraints of the permit, the Joint Wastewater Facilities Committee had rejected further investigation into modifying the current system. Bill Quesnel said that he had talked to Mr. Gesselbract about Mr. Gray's comments and that Mr. Gesselbract agreed that Mr. Gray made some very good points. However, he too said that due to the time restraints of the permit, there was not enough time to modify, change and adjust the current system especially without any guarantee that the plant could ever work at the level needed.

D. The status of Richard Sausser's water/sewer services was discussed by the Board. Anna Nickerson was asked to investigate the property title and place a lien against the property for unpaid fees.

## VI. New Business

A. Robert Johnson's Engagement Letter for auditing services was presented to the Board for review and approval

**A motion was made by Director Luscher and seconded by Director Bowles to "authorize the audit by Bob Johnson"**. The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

B. James Marta & Company's Engagement Letter for GASB 45 Actuarial calculation of post retirement benefits study was presented to the Board for review and approval. Director Freedle explained that the actuarial was required by the auditor, Robert Johnson, for the 2009/2010 Financial Statement Audit. Director Freedle said he could have the information from James Marta & Company by the next meeting at which time he would have a write-up of the results and possible options the District had in regard to the information. Director Luscher asked that the "Termination" clause be removed from the contract. He also asked that the line "Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose" be stricken from the contract.

**A motion was made by Director Luscher and seconded by Director Bowles to "accept the proposal from James Marta & Company to perform the retirement requirement for health insurance study for the sum of \$950.00"**. The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

C. The California Special District Association requests were presented and reviewed by the Board.

1. The Board discussed the "2011 CSDA Committee Participant" request. No one was interested in participating.

2. The Board discussed the "2010 Proposed CSDA Bylaws".

**A motion was made by Director Luscher and seconded by Director Bowles to “accept the CSDA By-Law Changes”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

3. The Board discussed CSDA’s “2010 Board Elections”.

**A motion was made by Director Luscher and seconded by Director Bowles to “vote for Valerie Lord”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

D. Legacy Treasury Direct’s request for a “Resolution for Transaction” which would allow Legacy Treasury Direct to respond to the auditor’s request for information was presented and reviewed by the Board.

**A motion was made by Director Bowles and seconded by Director Luscher to “sign and deliver the form to the appropriate person”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern Noes: none. Absent: Oudegeest. Abstentions: none

## **VII. Administration**

A. The “June 4, 2010 Meeting Follow-up” was reviewed and discussed by the Board. Mr. Quesnel’s cost analysis for purchase of a new backhoe was the only item not complete. He agreed to get a quote for a new/used backhoe to be presented to the Board at a later date.

B. The June 2010 “Action Items List” was reviewed by the Board.

## **VIII. Finance**

A. The “Disbursements Requiring Board Approval” was presented to the Board for consideration and action. Director Luscher commented that most of the items listed on ECO:LOGIC’s “Apr 2010 Engineering Services” invoice were related to the new plant. Anna Nickerson said she would be analyzing the ECO:LOGIC bills, looking at all the charges, and making enquires as to where tasks were being billed. Director Luscher asked for a copy of the CEQA Options memorandum identified on the Apr 2010 Engineering Services invoice.

**A motion was made by Director Luscher and seconded by Director Bowles “to accept the disbursements for Board approval with the exception of the comments made by Director Luscher to correct the placement of the tasked to the correct categories.”** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles, and Bern. Noes: none. Absent: Oudegeest. Abstentions: none

B. The June 2010 Financial Reports were presented to the Board for review. The Financial Reports included:

1. Operating Expenses Budget vs Actual (Month and Year-to-Date)
2. Capital Expenses Budget vs Actual (Year-to-Date)

3. Cash Flow Forecast – One Year
4. Cash Flow Forecast – Three Year

**X. Adjournment**

**A motion was made by Director Bowles and seconded by Director Luscher “to adjourn the meeting.”** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles, and Bern. Noes: none. Absent: Oudegeest. Abstentions: none

**A motion was made by Director Luscher and seconded by Director Bowles “to re-open the meeting”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern. Noes: none. Absent: Oudegeest. Abstentions: none

The meeting was re-opened to allow the Board to discuss the Joint Wastewater Facilities Committee’s (Committee) recommendations that were to be presented at the DSPUD/SLCWD Joint Board Meeting to be held Saturday, July 10, 2010 at 10:00am. The Board discussed the Committee’s recommendation to begin design of a new Membrane Bioreactor (MBR) system to replace the current wastewater treatment facility.

**A motion was made by Director Luscher and seconded by Director Bowles “to support the Wastewater Facilities Committees recommendation for an MBR system and either the UV or chloramination disinfection system.”** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles, and Bern. Noes: none. Absent: Oudegeest. Abstentions: none

**A motion was made by Director Luscher and seconded by Director Bowles “to re-adjourn the meeting”.** The motion passed on a roll call vote. Ayes: Freedle, Luscher, Bowles and Bern. Noes: none. Absent: Oudegeest. Abstentions: none

The next meeting was set for August 13, 2010 at 5:00p.m.

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Financial Consultant

**APPROVED BY:**

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President