

SIERRA LAKES COUNTY WATER DISTRICT

Operations & Maintenance Office
P.O. Box 826
7305 Short Road
Soda Springs, CA 95728-826
(530) 426-7802
Facsimile (530) 426-1120

Administrative & Billing Office
P.O. Box 1039
7305 Short Road
Soda Springs, CA 95728-1039
(530) 426-7800
Facsimile (530) 426-1120

AGENDA REGULAR MEETING

5:00 PM – August 12, 2011 **District Office, Soda Springs, California**

I. Open Meeting

A. Roll Call (Action)

II. Public Forum*

III. CLOSED SESSION:

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: One case January 12, 2011 Letter from Andrew M. Hitchings, Somach Simmons & Dunn, Attorney for Royal Gorge, LLC, to Wade Freedle and Board Members, Sierra Lakes County Water District – *Copy attached and available for public inspection at District's office.*

B. Closed session pursuant to Government Code Section 54957 to hold a personnel evaluation.

IV. OPEN SESSION:

Status of Royal Gorge Letter of Credit – review and recommendations by Kevin O'Brien (Kevin O'Brien will be available for discussion) (Discussion and Possible Action).

V. Consent Items Calendar (Action)**

A. Meeting Minutes of the 7/8/11 Regular Meeting Pg 1

B. July 2011 Check Register Pg 10

VI. Operations

- A. Operations Report** submitted by Bill Quesnel Pg 12
(Consideration and Possible Action)
- B. Award of Materials Testing Contract for 2011 Utility** Pg 19
Repair Projects (Consideration and Possible Action)

VII. Old Business

- A. Presidents Report (Review)** Pg
- B. USDA Loan Application Status (Discussion)**
1. 7/15/11 Cover Letter to Doug Colucci, USDA Rural Pg 20
Development, which accompanied the District's
Wastewater Treatment Plant Loan Application
 2. Notice of Public Hearing – USDA Loan Application Pg 21a
 3. Current Status of USDA Funding
- C. Wastewater Treatment Plant Project status report**
(Discussion)
1. 6/17/11 Donner Summit PUD (DSPUD) letter to the Pg 22
California Water Control Board requesting additional
time to achieve full compliance.
 2. 7/27/11 e-mail from Eric Zeigler, Stantec, to Tom Pg 26
Skjelstad regarding DSPUD's discharge permit.
 3. Environmental Groups letters of support:
 - Sierra Watch Pg 28
 - SYRCL Pg 29
 - North Fork American River Alliance Pg 30
- D. Draft Memorandum of Understanding (MOU) with**
Donner Summit PUD (Discussion & Possible Action).
1. Recommended capacity allocation between Donner Pg 30a
And Sierra Lakes in the Upgraded WWTP
 2. Funding Advance for final engineering design
- E. Water Rights Permit Update – Discussion of progress and**
Estimated completion (Discussion & Possible Action)
- F. Discussion of possible changes to the District Medical Benefits Plan**
(Discussion & Possible Action)
1. Approach to Revision of Retiree Health Insurance Pg 31
Benefits
 2. Draft Plan of Retiree Health Insurance Benefits for Pg 32
Employees Hired after September 1, 2011
- G. September 4, 2011 Board Meeting Agenda (Discussion & Possible**

Action)

1. Kristin Lowell's planned presentation for the September 4, 2011 Board Meeting.
2. Will the meeting on 9/4/11 be the Regular Board Meeting for September.

VIII. New Business

- A. **ACWA's Region 3 Board Ballot for the 2012-2013 Term** Pg 34
(Discussion & Possible Action).
- B. **Letter, with support, dated 7/10/11 from William R. Folk** Pg 35
requesting a refund of 2008/2009 water/sewer charges in
accordance with Proposition 218. (Discussion & Possible
Action).
- C. **August 8, 2011 Letter from SLPOA, Ed Bubnis, regarding** Pg 41a
Lot 1 Building Expansion (Discussion & Possible Action).
- D. **slcwa.org website** (Discussion & Possible Action).

IX. Administration

- A. **Follow-Up Items** from the July 8, 2011 Board Meeting Pg 42
(Consideration & Possible Action)
- B. **Status of Action Items** remaining after the July 2011,
Board Meeting (Consideration & Possible Action) Pg 43

X. Finance

- A. **Disbursements Requiring Board Approval** (Consideration Pg 44
& Action)
- B. **Financial Reports July 2011** (Review)
 1. **Operating Expenses Budget vs Actual** (ME & YTD) Pg 163
 2. **Capital Expenses Budget vs Actual** (YTD) Pg 166
 3. **Cash Flow Forecast – One Year** Pg 167
 4. **Cash Flow Forecast – Five Year** Pg 167

XI. Adjournment

* Members of the Public shall be allowed to address the Board of Directors on items of interest to the public and which are within the subject matter jurisdiction of the Board, provided that no action shall be taken on any item not appearing on the agenda unless otherwise authorized by law. The public also may address each item on the agenda before or during discussion of that item. All items will be considered by the Board for possible action.

**** Consent Items Calendar** – Consent items are expected to be routine and non-controversial. They will be acted upon by the Board, at one time, without discussion. Any Board member, advisor, staff, or interested person may request that an item be removed from the Consent Items Calendar for discussion.

NOTE: The meeting will convene on the ground floor of the Water Filtration Plant; if there is no handicap requirement, the meeting may reconvene in the meeting room upstairs. In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Anna Nickerson at 530-426-7800 or (fax) 530-426-1120. Requests should be made as early as possible and in order to facilitate appropriate accommodation should be made at least one full business day before the start of the meeting.

Correspondence

Next Regular Meeting: September 9, 2011


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A PROFESSIONAL CORPORATION
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January 12, 2011

VIA E-MAIL AND FIRST CLASS U.S. MAIL

Mr. Wade Freedle, President
Board Members
Sierra Lakes County Water District
P.O. Box 1039
Soda Springs, CA 95728-1039

Re: SLCWD's Petition for Extension of Time for Water Rights Permit No. 14248
(filed with SWRCB on December 22, 2005); Petition for Change to Add Direct
Diversion For Water Rights Permit No. 14248 (dated May 15, 2009)

Dear Mr. Freedle and Board Members:

This letter summarizes Royal Gorge LLC's (Royal Gorge) significant concerns regarding Sierra Lakes County Water District's (SLCWD) actions on the above-referenced petitions to the State Water Resources Control Board (SWRCB). As you are aware, Royal Gorge has corresponded with SLCWD numerous times over the past few years regarding its interest in reviewing the draft project description for the environmental document being prepared for SLCWD's said petitions, and other issues related thereto. (See attached selected prior correspondence.) Royal Gorge understood from its numerous prior contacts with SLCWD and its legal counsel that Royal Gorge would be given the chance to review the draft project description to ensure the accuracy of any details regarding water service to Royal Gorge's properties within SLCWD's boundaries. So far, SLCWD has denied Royal Gorge that opportunity.

In addition, Royal Gorge has reviewed the draft Water Supply Assessment and Water Demand documents recently posted on the SLCWD website. It appears from these documents that SLCWD may be planning to limit its petitions for extension/change, and the accompanying environmental document, to the 365 acre-feet annually (AFA) in water demands that SLCWD estimates at buildout for just the 1,100 existing residential subdivision lots within SLCWD's service area. If SLCWD limits its petitions and accompanying environmental document to this level of development, this would directly contradict the last paragraph of SLCWD legal counsel's attached July 13, 2009 letter, wherein it was confirmed as follows:

SLCWD is pursuing the petitions to add direct diversion and for an extension of time for the benefit of the current demand as well as the reasonably

foreseeable future demand of properties within the district boundary - including Royal Gorge lands.

Placing such limits on its petitions would also be contrary to the annual quantities and potential future demands described in SLCWD's petitions,¹ as well as Placer County's existing zoning and general plan designations, and related residential unit holding capacities for Royal Gorge's lands within SLCWD's service area. Such limits would also contravene the existing place of use under SLCWD's water right permit 14248, which allows for water service to all lands within SLCWD's service area, including Royal Gorge lands.

By limiting its petition for extension to a maximum diversion of 365 AFA, SLCWD would be permanently constraining its ability to fully utilize the full face value of its existing permitted water rights (1,177 AFA). Any such action would be arbitrary and capricious, and contrary to SLCWD's continuing obligation to exert "every reasonable effort to augment its available water supply in order to meet increasing demands." (*Swanson v. Marin Mun. Water Dist.* (1976) 56 Cal.App.3d 512, 524; see also *Glenbrook Development Co. v. City of Brea* (1967) 253 Cal.App.2d 267, 274.) Moreover, SLCWD's water rights permit is a valuable asset. SLCWD should be taking all reasonable steps to preserve SLCWD's ability to maximize its utilization of that asset, and to prevent any devaluation of that asset.

Accordingly, SLCWD should not take any action to limit the scope of its pending petitions to the SWRCB, and the related environmental document, as this could likely result in a revised water rights permit for substantially less water than is necessary to meet the reasonably foreseeable demands of the customers within the SLCWD service area, including the water demands for Royal Gorge's properties. Such a scenario will very likely lead to administrative challenges before the SWRCB, or judicial challenges, brought by unimproved lot owners within SLCWD's area, and/or by Royal Gorge, seeking damages and injunctive relief. Of course, the legal costs and liabilities associated with any such challenges could be substantial.

Finally, Royal Gorge intends to remain engaged and fully participate in the public review and comment process for the environmental documentation prepared for SLCWD's petitions. In this regard, please confirm that Royal Gorge and this firm are included on SLCWD's standing CEQA notification list for any CEQA actions taken, and CEQA documentation issued, by SLCWD. Please also include Royal Gorge and this firm on

¹ For example, SLCWD's petition for extension acknowledges that it still has approximately 300 undeveloped lots within its service area, and that Royal Gorge will be proposing additional build-out within SLCWD's service area. In this regard, SLCWD is well aware of the estimated water demands for future development plans on Royal Gorge lands, as summarized in Royal Gorge's Water Supply Alternatives, Information Briefing document (dated January 2008). This briefing document was previously provided to SLCWD, and Royal Gorge understands that it was discussed during prior SLCWD Board meetings. Another copy of the document is enclosed for your convenience. As such, SLCWD should do all that it can to preserve, protect and enhance its ability to serve all of the customers and landowners within its service area, and complete the full beneficial use of the water allowed under Permit No. 14248.

Mr. Wade Freedle, President
Re: Water Rights Permit No. 14248
January 12, 2011
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SLCWD's standing list of parties to receive SLCWD's Board meeting notices and agendas. The contact information for this firm is on the letterhead above, and Royal Gorge's contact information is listed below.

Royal Gorge appreciates your attention to its concerns on this matter. Of course, if you have any additional questions, or require additional information, please do not hesitate to contact the undersigned or Kirk Syme.

Sincerely,



Andrew M. Hitchings

Enclosures

cc (via e-mail):
Anna Nickerson, SLCWD

Royal Gorge, LLC
c/o Kirk Syme
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