

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF  
SIERRA LAKES COUNTY WATER DISTRICT  
December 11, 2009  
Regular Meeting**

**Time:** 5:00 – p.m.

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

I. Roll Call:

Directors in attendance at the Sierra Lakes Board Room were:

Director Gene Bowles - Chair  
Director Ulrich Luscher  
Director Bill Oudegeest.

Director Wade Freedle was present via telephone from 19014 Tanglewood Hollow Way, Grass Valley, California

Director Martin Bern was present via telephone from 560 Mission St, 27<sup>th</sup> floor, San Francisco, California

Staff members present: Mr. Bill Quesnel and Mrs. Anna Nickerson

Guests present were: There were no guests present at the meeting.

Minute Recorder: Mrs. Anna Nickerson

II. Public Forum

Director Luscher reported that he had attended the ACWA-JPIA Risk Management Subcommittee meeting, which was held in San Diego, California, at the end of November. At the meeting he learned that Sierra Lakes County Water District (SLCWD) had performed well on its Liability, Property and Workers Compensation Insurance policies and that the District was commended on their lack of claims.

Director Oudegeest suggested that a “Water District News” page be added to the SLCWD website to improve communication with the general public. Director Bern cautioned the Board about the information that should or should not be posted; information should be limited to issues that have been decided or voted on. It was decided that topics would be selected, Board members would volunteer to write a summary, and the summaries would be reviewed at the following meeting prior to posting to the website. Director Bern took the topic of the Water Rights Permit and Director Luscher took the topics of the Sewer Plant Upgrade/Expansion and the Number of Connections to be requested with the sewer new plant.

### **III. Consent Items Calendar**

The Consent Items Calendar was presented to the Board for review and approval. The consent items included the November 13, 2009 Meeting Minutes and the November 2009 Check Register. A typo was noted on page 5 of the meeting minutes, “happed” would be corrected to read “happened”.

**A motion was made by Director Luscher and seconded by Director Oudegeest to “accepted the consent items calendar, with the one change noted.”** The motion passed on a unanimous vote.

### **IV. Operations**

Mr. Quesnel’s “Operations Report” was presented to the Board for review. Mr. Quesnel reported that the cost of the changes made to the Donner Summit PUD Sewer Plant came in at \$106,000; the budget was \$150,000. He further reported that the Fire Department had removed snow from the fire hydrants in both the Serene Lakes and Donner Summit areas. Finally, Mr. Quesnel reported that a house with a broken pipe was discovered contributing to water flows that were significantly higher than wastewater flows. He said the water had been shut off but that there may still be other broken pipes in the area; the situation was being monitored.

Director Luscher commented on the “Water & Wastewater Flows for the Month of November 2009” on page 17 of the Board packet. He noted that some of the information may not be accurate and asked Mr. Quesnel to follow up.

### **V. Old Business**

A. Director Freedle’s “President’s Report” was presented to the Board for review.

Director Freedle reported that nine disconnect notices had been sent out for nonpayment of water/sewer fees. He told the Board that several statements had been sent prior to the disconnect notices, both by regular and certified return receipt mail, and that this was an increase from the number of disconnect notices sent out in the past; an example that money is tight for a lot of people.

Director Freedle further discussed his write up on the Water Rights issue and the Final “Water Supply Study” from Mary Hall. He said that he was currently thoroughly reviewing the report with Mr. Quesnel and that the report would be forwarded to Craig Stevens to be included in the information sent to the State Water Board in connection with the District’s permit renewal/petition.

B. Director Freedle presented a report on the “Wastewater Treatment Plant Upgrade”. The report included:

1. AccuWeb Status – November 13, 2009 Letter from Jeff Hauser re: DSPUD Facilities Plan Work in Late October and Early November, 2009
2. DSPUD Plant Expansion/Upgrade:
  - a. October 20, 2009 Letter from DSPUD’s Attorney Geoffrey Evers re: Sewage Treatment Plant
  - b. November 24, 2009 Letter from Tom Skjelstad re: Future Expansion
  - c. December 3, 2009 Memorandum from Wade Freedle re: Donner Sewer Plant Expansion/Upgrade; Calculation of Required EDU’s by District.

The discussion regarding “Donner Sewer Plant Expansion/Upgrade” began with Director Bowles saying that he had changed his view about the number of connections that should be requested in the upcoming plant expansion/upgrade. He said he felt the District should request enough connections to support all 250 vacant subdivided lots currently in the Serene Lakes area. He also said he felt that the 250 lot owners should bear the cost associated with the “expansion” which would provide them with a connection whenever they decided to build on their lots. He mentioned an argument made by one lot owner in which the lot owner felt they had a right to a connection since they helped pay for a bond issue used for a previous plant upgrade. Director Bowles pointed out that previous plant upgrades no longer met current effluent requirements nor did the upgrades expand the plant to support full build-out of the area. It was also discussed that lot owners could “opt out” in which a document would be recorded against the property stating that no water/sewer connection would ever be available for the lot. For those lot owners that “opt in” a new standby fee to cover the full cost of the expansion/connection was discussed.

Director Freedle outlined the cost study currently being made which would outline items such as what the original bond paid for, when a subdivision was established, when a lot was developed and how much each lot owner had paid towards capital projects. Director Bern said he thought it would be good information to have and looked forward to reviewing it at the January meeting. Director Luscher added that he thought the original bond paid for the current sewer infrastructure within the subdivisions. He also thought that the original plant was paid for mostly through government subsidies and that subsequent plants and plant improvements have been paid for by connected properties, information that will be gathered and presented in a cost study at the next meeting. Director Bowles stated that if the bond paid for the sewer lines and not the original plant then the issue was how to fairly distribute the costs for the plant upgrade/expansion to all owners. Director Luscher said that the previously paid standby fees might be construed to give lot owners rights in the plant. Finally, Director Oudegeest asked if the new connections would be identified to the lots since they will have paid for

them; another issue that will need to be determined is whether the connections would be transferrable. The debate over the number of EDU's continued with the conclusion that every un-built parcel, including large parcels, should be given the opportunity to buy into the expanded plant. Finding a method to make this possible will be challenging.

C. Director Freedle updated the Board on the Water Rights Permit, reiterating what was said earlier that the Water Supply Study was being reviewed and forwarded to Craig Stevens, and that as long as Wagner & Bonsignore didn't find any flaws in the methodology, a presentation might be made at the January meeting.

D. Director Luscher's 11/17/09 Memorandum regarding "Sample Plan for Managing District-owned Property" was reviewed and discussed by the Board. Based on a suggestion made by Director Oudegeest, which was to decide by early May which properties would be used as examples of good property management, Mr. Quesnel suggested that a description of work be written for the four proposed lots and price quotes obtained to provide the Board with the information necessary to make an informed decision on how to proceed. There was some discussion about work being contracted out and the potential for using volunteer labor. It was also discussed whether a Forester was necessary for the level of work that was required, removing dead underbrush and limbing trees, or if Don Belden's sole advice would be more appropriate. It was the consensus of the Board, and Mr. Quesnel's, that only Mr. Belden be consulted.

**A motion was made by Director Oudegeest and seconded by Director Luscher that staff bring Mr. Belden in in May, assuming the snow permits it, to look at the four lots and develop a work prescription for each lot, that can then be adopted by the District in June.**" The motion passed on a unanimous vote of the remaining Board members. Director Bern had excused himself from the meeting prior to the motion and vote.

## **VI. New Business**

A. Director Freedle reported on Contacts with Kirk Syme, Royal Gorge, LLC re: Eminent Domain or Alternatives. The report included a December 3, 2009 e-mail to Mr. Syme re: Sierra Lakes Management of Lake Bottom Property. Director Freedle stated that he had exchanged e-mails with Mr. Syme but no meeting had been scheduled. There was some discussion regarding the contents of Director Freedle's December 3<sup>rd</sup> e-mail. Director Freedle stated that he would aggressively pursue the matter with Mr. Syme.

B. A "Draft **Ordinance No. 88** Amending the District Code to Establish the

Position of District Security Officer” was presented to the Board. Director Freedle explained that the ordinance was an administrative step towards being able to physically hire a security officer. Director Luscher pointed out that both the terms “manager” and “general manager” were used in the document and asked if “The Sierra Sun” should be identified as the newspaper of general circulation. The Board agreed not to identify a specific newspaper, and to change “general manager” to read “manager”.

**A motion was made by Director Oudegeest and seconded by Director Luscher to “accept Ordinance No. 88 as amended.”** The motion passed on a roll call vote. Ayes: Bowles, Luscher, Oudegeest, and Freedle . Noes: None. Abstention: None. Director Bern had excused himself from the meeting prior to the motion and vote.

- C. A letter dated November 23, 2009 from Director Freedle to Bob Johnson re: “Independent Auditor’s Report for period ending June 30, 2009” was presented to the Board for review. Director Freedle explained that the letter was presented for informational purposes only and that the letter was written in response to the Mr. Johnson’s June 30, 2009 “Schedule of Audit Findings and Responses”.

## **VII. Administration**

A. The “November 13, 2009 Meeting Follow-up” was reviewed by the Board. It was determined that all follow-up items were complete with the exception of item 9 on which Mr. Quesnel said he still needed to check into the sticker option for boats. Also reviewed was a November 24, 2009 Memorandum re: “Policy in regard to Unpaid Water/Sewer Service Charges upon Foreclosed Properties”. Director Freedle commented that after further review, it was determined that, at this time, the District could not improve its position to protect against lost service fees in the event of a foreclosure. So far the exposure to loss has been minimal.

B. The “December 2009 Action Items List” was reviewed by the Board. It was agreed that “Develop District Property Management Policy” had been moved to the Follow-up list and could be removed from the Action Items list, and that the “Water/Sewer Fee Projection” was now complete and could be removed from the list.

## **VIII. Finance**

A. The list of December 2009 “Disbursements Requiring Board Approval” was reviewed by the Board. Director Luscher said that Mr. Quesnel had previously answered his question regarding the MCC Control Systems invoice, but later

questioned Stevens Consulting's use of subcontractors. He asked that back-up be provided when subcontractors are used. Director Freedle said he would request the necessary information.

**A motion was made by Director Luscher and seconded by Director Oudegeest to "accept the bills for payment."** The motion passed on a unanimous vote.

B. The following "Financial Reports for November 2009" were presented to and reviewed by the Board. .

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

Director Bowles asked how much of the remaining "Capital Projects Budget" would be spent. Mr. Quesnel estimated another \$100,000 of the \$210,000 would be spent. He also said that the "Replace Sewer Mainline" project was complete and that the project came in under budget by the \$68,893 reflected in the report. Director Freedle noted that in the "Cash Flow Forecast – One Year", the estimated costs for "Donner Plant" in the later part of the year may be understated, depending on where ECO:Logic was in their design process for the new plant.

As part of the discussion of the "Cash Flow Forecast – Three Year", Director Bowles discussed the "Projected Annual Service Fees" that had been prepared. One projection assumed no increase in the number of connections while the other assumed issuance of the ten remaining connections. Mrs. Nickerson explained that, due to the lack of definitive cost information in regard to the sewer plant upgrade/expansion, it was assumed, for the sake of these calculations, that the current line of credit would be adequate to fund the District's share of the project. Also, Director Bowles explained how historical information was used to project a steady increase in the amount of Property Tax Revenue to be received. Director Luscher noted a discrepancy in Bank of the West line of credit payments between the two projections. Mrs. Nickerson agreed that there appeared to be a mistake, and she would check into the matter and make any necessary corrections. It was agreed that the information was good and would be helpful in future financial planning.

**IX. Closed Session: Closed session was continued to the next meeting**

**X. Adjournment:**

**A motion was made by Director Oudegeest and seconded by Director Luscher "to adjourn the meeting" at 8:10 p.m.** The motion passed on a unanimous vote.

The next regular meeting was set for January 8, 2010 at 5:00p.m.

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Financial Consultant

**APPROVED BY:**

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President