

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

JANUARY 12, 2007

The Board of Directors of Sierra Lakes County Water District met in special session at the hour of 5:03 p.m., Friday, January 12, 2007, at the regular meeting place of the Board, 7300 Short Road, Soda Springs, California.

ROLL CALL:

The Directors in attendance at the Sierra Lakes Board Room were Wade Freedle, Ulrich Luscher, and Gene Bowles. Director Martin Bern was present by telephone from 580 Lommel Road, Calistoga, California. Director Bill Oudegeest was not present. Staff members present were, Dianna Smith and Bill Quesnel. The guests present were George Spencer, Fran Freedle, Carrie Hoyt, Dick Mead, and Mike Livak for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the January 12, 2007, meeting was presented to the Board for approval. Bowles requested that item IV.B.-Discussion of Agenda Format Changes be moved to Item VII.C. Freedle requested I.C.-Election of Officers, be moved to Item VII.D.

A motion was made by Luscher and seconded by Bern to approve the January 12, 2007, Agenda, as amended. Ayes: Freedle, Luscher, Bern, Bowles. Noes: None. Absent: Oudegeest. Abstention: None.

PUBLIC FORUM:

There was no public forum.

Director Bill Oudegeest arrived at the meeting at 5:08 p.m.

CONSENT ITEMS CALENDAR:

Luscher requested removal of the December 8, 2006, Minutes from the Consent Items Calendar, as edits were to be made.

ADMINISTRATION:

Approval of December 8, 2006, Minutes.

The December 8, 2006, Minutes were presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve the December 8, 2006, Minutes, as amended. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

CONSENT ITEMS CALENDAR:

A motion was made by Bowles and seconded by Luscher to approve the December 2006 Check Register and new vender on the Consent Items Calendar. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Freedle requested to move Item VII.D.-Election of Officers, to II.D. now that all directors were present.

OPEN MEETING:

Election of Officers - President, Vice-President, Secretary.

Nominations for President, Vice-President, and Secretary were opened.

A motion was made by Luscher and seconded by Bowles to nominate Martin Bern as Secretary.

A motion was made by Luscher and seconded by Oudegeest to close nominations for Secretary. Ayes: Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

A motion was made by Bowles and seconded by Bern to nominate Wade Freedle as President.

A motion was made by Luscher and seconded by Bowles to close nominations for President. Ayes: Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

A motion was made by Freedle and seconded by Bern to nominate Gene Bowles as Vice-President. A motion was made by Luscher to nominate himself as Vice-President. Luscher's motion was not seconded.

A motion was made by Oudegeest and seconded by Bowles to close nominations for Vice-President Ayes: Freedle, Bowles, Bern, and Oudegeest. Noes: Luscher. Absent: None. Abstention: None.

Freedle announced the results of the election. The results were Wade Freedle, President, Gene Bowles, Vice-President, and Martin Bern, Secretary.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

Quesnel's January 12, 2007, Operations and Maintenance Review was presented to the Board for review. Quesnel's January 12, 2007, Memorandum regarding Standby Well Status was presented to and reviewed by the Board. Quesnel reported he had consulted with Fred Fahlen of Eco:Logic, and he suggested the District write the State Department of Health Services to clarify the well usage. Specifically, if the well should be abandoned or if the District could keep the well as a backup source. The Board directed Quesnel and Bern to prepare and send a letter to the Department of Health

Services stating the District would like to pursue keeping the well as a backup source. The Board directed staff to resume testing the well water.

Quesnel informed the Board that the District's hydroflush truck was currently uninsured. The title of the truck was in both the District's name and in Donner Summit Public Utility District's name. The JPIA suggested the Districts have the truck put into one District's name, in order for the vehicle to be added to its insurance policy. Quesnel stated Donner had agreed to relinquish title of the hydroflush truck to Sierra Lakes. The Board directed Quesnel to pursue District ownership and insurance coverage on the hydroflush truck, and report at the next Board meeting.

Quesnel reported he would like to store the District's portable generator at the Fire Station on Short Road. The Board directed Quesnel to pursue storage of the generator at the Fire Station on Short Road, after resolution of the fire hydrant snow removal issue.

Freedle noted the water and wastewater flow figures on the January 1, 2007, Operators Report seemed to be reversed. He stated he had reviewed the detailed backup data with Jeff Stransky and that the reported figures were correct. The water usage was high because there were many broken pipes due to the very cold temperatures.

Update on Upgrade to Control Systems for #2SPS, #3SPS and #4SPS.

Quesnel informed the Board Sierra Control Systems expected to start work on the SCADA system upgrades in mid to late January. They were working on getting dedicated circuit protection for the #2 and #4 pump stations. Quesnel stated he expected to have an update from PG&E at the next Board meeting.

Update on Fire Hydrant Snow Clearing.

Quesnel's draft January 12, 2007, letter to Truckee Fire Protection District regarding Sierra Lakes County Water District/Serene Lakes (CSA 28, Zone 16) fire hydrant snow removal was presented to and reviewed by the Board. The Board directed Quesnel to send the letter to Truckee Fire Protection District.

Cost of Upgrading Diesel Engines to Comply with New CA State Air Resources Standards.

The California Air Resources Board Notice of Off-Road and On-Road Diesel Engine Airborne Toxic Control Measure was presented to and reviewed by the Board. Quesnel informed the Board that the District does not have to meet the proposed requirement until 2012. Quesnel felt the District would have updated equipment by that time.

Update on Responses to Department of Health Services' 2005, Annual Inspection Letter.

Quesnel's December 18, 2006, letter to Department of Health Services regarding Sierra Lakes County Water District Amended Permit Application was presented to and reviewed by the Board.

OLD BUSINESS:

President's Report.

The January 3, 2007, President's Report was presented to and reviewed by the Board.

Reorganization of Board Ad Hoc Committees.

The Sierra Lakes County Water District Ad Hoc Committee Assignments as of January 14, 2005, was presented to and reviewed by the Board. Freedle noted these committees were terminated as a result of the new Board. This matter was continued to the next Board meeting.

Update on County Reimbursement of Payment for Water Tank & Firehouse Landscaping.

Freedle reported he was still working on the letter to Placer County requesting reimbursement for the water tank and firehouse landscaping project.

Update on Petition for Extension of Time on Water Rights Permit.

Bern reported he had interviewed environmental consultants to assist the District with the CEQA requirement and had requested a proposal from the one he thought would be best. Bern will present the proposal to the Board at the next Board meeting.

Kronick's 12/4/06 Letter re: Resignation as District Counsel.

Bartkiewicz, Kronick, & Shanahan's December 4, 2006, letter regarding Resignation as District Counsel was presented to and reviewed by the Board. Freedle's January 10, 2007, Memorandum regarding Steve Kronick's Letter of Resignation Dated December 4, 2006, was presented to and reviewed by the Board. Luscher reported he had been in contact with Kronick regarding his resignation. Kronick had informed Luscher that since he had not been involved with the District on a continual basis, any assignment given to him took more time to research and get up to speed on. Freedle noted that since the District had an engineer and an attorney on its Board there had not been the need for Kronick's services as in prior years.

The Board concurred Luscher would prepare and send a letter acknowledging Kronick's resignation and thanking him for his service to the District.

Bern suggested the District look into a local firm to be available as counsel.

Property Owners' Construction-in-Progress Logs.

The January 5, 2007, Construction-in-Progress Logs were presented to and reviewed by the Board.

Authorization to Release Two Withdrawn Connection Permits.

Freedle reported the connection fees had been returned to 212 Quincy, LLC, and to Brett Osborn. Staff informed the Board that there had been no further contact from either of the property owners. The Board directed staff to inquire if they have cashed their refund checks. If they have

cash the check, staff was directed to send letter notifying them they can be placed on the 'connection waiting list'. The Board directed staff to provide directors with the District's policies and procedures for administering the waiting list.

Outline of the Specifications for the Engineering Study of Underground Infrastructure Replacement.

Freedle's January 10, 2007, Memorandum initiating the Ad Hoc Committee for Development of the Underground Infrastructure Repair Program was presented to and reviewed by the Board. Quesnel reported his past experience with underground infrastructure replacement and stated that he thought the sewer infrastructure might only need line spot repairing and some manholes to be repaired. He stated Tahoe Donner Association and Truckee Donner Public Utility District had recently completed a study to underground the utilities in Tahoe Donner. He expected to receive a copy of it next week and would provide it to the Board. Freedle appointed an Underground Infrastructure Ad Hoc Committee of Directors Gene Bowles, Wade Freedle, and consultants Bill Quesnel and Blake Tresan.

The Underground Infrastructure Committee was directed to formalize the investigation/analysis of the system and to outline all components of this project. The Board directed Quesnel to look into a corrosion specialist engineer to determine the status of the galvanized pipes and to request a proposal from them. Quesnel was directed to outline a schedule for examining the sewer collection infrastructure by tv'ing the system.

ADMINISTRATION:

Ordinance No. 77 – Amending Section 1 of Ordinance No. 3, as amended, entitled, “An Ordinance Fixing Time and Place for the Regular Meeting of the Board of Directors of the Sierra Lakes County Water District and Providing the Manner in Which Special Meetings of Such Board May be Called, Designating an Official Mailing Address, and Establishing the Order of Business and Rules for its Proceedings”.

Ordinance No. 77 – Amending Section 1 of Ordinance No. 3, as amended, entitled, “An Ordinance Fixing Time and Place for the Regular Meeting of the Board of Directors of the Sierra Lakes County Water District and Providing the Manner in Which Special Meetings of Such Board May be Called, Designating an Official Mailing Address, and Establishing the Order of Business and Rules for its Proceedings”, changing the regular meeting time from 4:30 p.m. to 5:00 p.m., was presented to the Board for review and adoption.

A motion was made by Luscher and seconded by Bowles to adopt Ordinance No. 77, as presented. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

December 8, 2006, Meeting Follow-up, and December 2006, Action Items List.

The December 8, 2006, Meeting Follow-up and the December 2006, Action Items List were presented to and reviewed by the Board. The following was noted:

- Freedle and Quesnel prepared and sent a letter to Truckee Fire Protection District regarding fire hydrant snow removal along with a bill for repairs.
- Luscher contacted Kronick regarding his letter of resignation.
- Quesnel prepared and sent the response to the Department of Health Services November 28, 2006, letter regarding the Districts amended operating permit and 2005 Inspection.
- Luscher prepared and sent a letter to DSPUD thanking them for Skjelstad's update on their operations and expressing the desires of the District regarding the capacity study and expansion.
- Quesnel prepared a graphic display of the lake bottom parcel and dam channel parcels that the District would like to acquire from Royal Gorge, LLC.
- Bern interviewed environmental consultants to engage in the CEQA requirement for the Districts water rights application, and will proceed with request for a proposal.

Development of District Website.

Oudegeest presented the District website that he developed for the Board. He requested the Board and staff review the website and provide him with any further input. The Board directed Smith to forward the Agendas and Minutes to Oudegeest on a regular basis.

Vision Plan Coverage for Dependents.

Freedle reported that the present vision plan for the District did not cover dependents. Freedle stated since the medical benefit and dental insurance plans covered dependents, the vision plan should also provide this coverage to conform to a standard package. The vision premium amounts were presented to and reviewed by the Board.

A motion was made by Luscher and seconded by Bowles to offer vision coverage for dependents in the benefit package. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

FINANCE:

DISBURSEMENTS REQUIRING BOARD APPROVAL:

Acumen Engineering Company.

The January 1, 2007, Invoice #2 from Acumen Engineering Company in the amount of \$7,527.50 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve Invoice #2 for Acumen Engineering in the amount of \$7,527.50. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

DSPUD 2004/05 Audit Billing.

Freedle informed the Board Donner Summit Public Utility District had not submitted the backup material for the 2004/05 Audit Billing to him. This matter was tabled until the next Board meeting.

Ellison, Schneider & Harris, LLP.

Ellison, Schneider & Harris, LLP's invoice for November 2006, legal services in the amount of \$2,558.73 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve Ellison, Schneider & Harris, LLP's invoice in the amount of \$2,558.73. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Operating Budget-to-Actual (Monthly and Year-to-Date).

The December, 2006, Operating Budget-to-Actual Report, was presented to and reviewed by the Board.

Capital Projects Budget-to-Actual.

This matter was continued to the next Board meeting.

Cash Flow Projection Summary and Breakdown.

This matter was continued to the next Board meeting.

OLD BUSINESS:

Discussion of Agenda Format Changes.

The Board agreed the changes to the Agenda were adequate.

CLOSED SESSION:

Real Estate Negotiations – (California Government Code Section 54956.8)

Property: Parcel No. 069-020-068-000
Agency Negotiator: Wade Freedle
Negotiating Parties: SLCWD & Royal Gorge, LLC
Under Negotiation: Price & Terms of Payment

A motion was made by Luscher and seconded by Oudegeest to move the meeting into closed session at the hour of 8:48 p.m. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

OPEN SESSION:

A motion was made by Luscher and seconded by Oudegeest to move the meeting into open session at the hour of 9:34 p.m. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Freedle reported the Board directed Bern to engage an eminent domain attorney to review Bern's letter to Royal Gorge, LLC regarding the acquisition of the lake bottom and dam channel, not to exceed \$5,000.00.

ADJOURNMENT:

A motion was made by Luscher and seconded by Oudegeest to adjourn the meeting at 9:35 p.m. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstention: None.

Administrative Assistant II

APPROVED BY:

President