

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

MARCH 9, 2007

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:07 p.m., Friday, March 9, 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, Gene Bowles, Martin Bern, and Bill Oudegeest. Staff members present were Bill Quesnel, Judy Sieczkowski, and Dianna Smith. The guests present were Fran Freedle, Carrie Hoyt, Jeff Kasten, Ron and Alice Truelson, Lorna Dobrovolny, Craig Stotenburg, Carole and Cliff Raisbeck, Simone Janssen, and Mike Livak for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the March 9, 2007, meeting was presented to the Board for approval.

A motion was made by Luscher and seconded by Oudegeest to approve the March 9, 2007, Agenda, as presented. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

Guests Kasten, Hoyt, and Janssen stated they were present to hear the discussion regarding additional sewer connection permits, and Ron Truelson stated he and his wife were present for the overhead utilities undergrounding issue.

APPROVAL OF AGENDA:

Luscher moved and Bern seconded the motion to reopen the approval of the Agenda. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Freedle requested Item V.C. – DSPUD Release of Additional Sewer Connection Permits, and Item V.D. – Procedures for Possible Release of Additional Sewer Connection Permits Granted by DSPUD per Tom Skjelstad’s Letter dated February 22, 2007, be moved to Item II.D.

A motion was made by Luscher and seconded by Oudegeest to approve the March 9, 2007, Agenda, as amended. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

CONSENT ITEMS CALENDAR:

Luscher requested removal of the February, 2007 Check Register from the Consent Items Calendar, as he had a question concerning the Cranmer Laboratory bill.

ADMINISTRATION:

Approval of February 2007 Check Register.

The February, 2007 Check Register was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve the February, 2007 Check Register upon Luscher's review of the Cranmer Laboratory invoice at the dinner break. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

CONSENT ITEMS CALENDAR:

A motion was made by Bowles and seconded by Luscher to approve the February 9, 2007, Minutes and new vendor Ric Grow's Quality Service on the Consent Items Calendar. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

Guest Livak with Royal Gorge, LLC addressed the Board and informed the District that Royal Gorge, LLC had presented its preliminary land plans to the public. He reported the land plan was prepared with feedback received from the public over the past year and a half and was now in the peer review process. He stated they did not plan to build a golf course or a gated community, and that over 70% of the property was going to be held in a land trust in perpetuity. He stated Royal Gorge was still gathering water capacity requirements for the project.

NEW BUSINESS:

DSPUD Release of Additional Sewer Connection Permits.

Freedle reported Donner Summit Public Utility District's engineers had evaluated the wastewater treatment plant and concluded the plant could handle an additional fifty (50) EDU's.

Tom Skjelstad's Letter dated February 22, 2007.

The February 22, 2007, Letter from Tom Skjelstad – DSPUD regarding DSPUD Issuance of EDU's per Ordinance 2007-01, was presented to the Board for review and consideration. Freedle reported the letter advised the District that as of February 20, 2007, the Donner Board authorized the issuance of fifty (50) EDU's, of which forty-four percent (44%), or twenty-two (22) connections, were allocated to SLCWD. Freedle stated Skjelstad indicated there was no need for an amendment to the Interim Service

Agreement, and that there were no conditions imposed by Donner in regard to issuing these additional connections.

Procedures for Possible Release of Additional Sewer Connection Permits Granted by DSPUD per T. Skjelstad's Letter dated February 22, 2007.

Freedle stated he believed the District's Policies and Procedures for issuing the last one hundred (100) connection permits and the waiting list have served their purpose well. There were seven property owners currently on the waiting list. Freedle suggested the additional twenty-two (22) connections be issued pursuant to the existing waiting list procedures. Bowles suggested releasing the first seven new permits to the property owners currently on the waiting list. Freedle stated the District should consider releasing one connection per participant. Oudegeest stated that one connection per participant seemed fair due to the fact that there is demand for additional connections. Freedle noted that this new capacity was included in the current wastewater plant capacity. Bern suggested a notice be sent to the vacant property owners that the connections would be made available pursuant to the policies and procedures already in effect.

A motion was made by Luscher and seconded by Bowles to issue the 22 additional permits according to the following fundamental rules:

1. The seven property owners currently on the waiting list would be offered the first seven of the twenty-two (22) connection permits, which will be released on May 1, 2007.
2. The additional fifteen connection permits will be issued pursuant to the policies and procedures currently in place.
3. In regard to all of the additional twenty-two (22) connections, there shall only be one connection permit issued per participant or entity. A participant or entity shall be defined as a beneficiary of a trust, a partner in a partnership, as a part owner of a corporation, and any other legal entity that may be constructed in which any individual has an ownership or other interest.
4. The procedures outlined in the District's May 5, 2003 Notice of Available Connections and subsequent Board-approved conditions would be used for establishing the new waiting list after all twenty-two (22) connections are reserved.

Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

The Board determined that all available connections yet to be released would be subject to the increased primary facility fee. The Board directed staff to prepare and send a notice to all lot owners regarding the twenty-two (22) connection permits to be released on May 1, 2007, with notice of the primary facility fee increase to \$9,625, plus the water meter deposit of \$428, for a total of \$10,053. The Board directed staff to send notice to the seven property owners on the existing waiting list notifying them they are eligible to receive a connection permit on May 1, 2007, with notice of the primary facility fee increase. The Board directed staff send notice to the ten property owners on the 2007 connection reservation list advising them that connection permits would be available on April 26, 2007, with notice of the primary facility fee increase.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

Quesnel's March 2, 2007, Operations and Maintenance Review was presented to the Board. Quesnel reported there were newly imposed rules in regard to sanitary system management plans and that he and staff were working on them. He noted the water and sewer flow figures were unbalanced during the past month due to a possible leak and due to the local schools ski/skate week. Freedle noted there could be I&I in those figures as well.

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

Quesnel informed the Board the contracts with PG&E for overhead power to serve the #2SPS and the #4SPS were just received and Freedle had signed them. Once PG&E received them with payment of fees, the project could be scheduled. Quesnel noted Sierra Controls had committed to begin work this month on the installation of the telemetry upgrades at the #2SPS, #3SPS, #4SPS and at the master control in the main office. Quesnel stated he was working on a contract with Custom Electric for completion of the electrical upgrades allowing operation of the pump stations using the portable emergency generator. Quesnel informed the Board that Bender Engineering and Commissioning was preparing drawings to correct the standby generator installation deficiencies at the Water Treatment Plant, the Lake Intake Station, as well as the #1 and #3 sewage pump stations. Once the drawings were completed the District could go out to bid on the project.

Luscher moved and Bowles seconded the motion to authorize Freedle to enter into the contract with PG&E to provide overhead power to the #2 and #4 sewage pump stations in the amount of \$7,501.00. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

A motion was made by Luscher and seconded by Bowles to authorize Freedle to enter into a contract with Custom Electric to upgrade power and controls at the #2, #3 and #4 sewage pump stations, not to exceed \$50,000.00. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

A motion was made by Luscher and seconded by Oudegeest to authorize Freedle to enter into a contract with Bender Engineering and Commissioning to design the exhaust, cooling, and combustion mechanical code upgrades to facilities at the filter station, water intake building, sewage pump stations #1 and #3, for an amount not to exceed \$2,500.00. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Update on Fire Hydrant Snow Clearing.

Quesnel reported that Truckee Fire had very promptly removed the snow from the fire hydrants after the recent snow storm and had done a great job. He would have staff continue to monitor the snow removal effort.

Claim of Larry Nielsen – 5408 Hillside Drive.

The Letter from Larry Nielsen – 5408 Hillside Drive dated March 8, 2007, and receipts from Charles Houtz Plumbing and Roto Rooter totaling \$754.00 were presented to the Board for review and consideration. Quesnel informed the Board that when staff was flushing the sewer lines, a plug had been inserted in the service lateral to Nielsen's property which caused his sewer to back up.

A motion was made by Luscher and seconded by Oudegeest to reimburse Mr. Nielsen for expenses incurred in the amount of \$754.00. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

OLD BUSINESS:

President's Report.

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

Reorganization of Board Committees.

Freedle reported there were three ad-hoc committees established for the new Board: the Underground Infrastructure Replacement Program Committee, the Communications Committee, and the Legal Committee.

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

The Letter from Attorney Barbara Brenner to Anne Schneider dated February 27, 2007, and the response Letter from Anne Schneider to Barbara Brenner dated March 5, 2007, were presented to and reviewed by the Board. Bern stated the letter from Brenner had some important inaccuracies in it that he felt needed to be corrected, and some of the activities needed redirecting.

Property Owners' Construction-in-Progress Logs.

The March 1, 2007, Construction-in-Progress Logs were presented to and reviewed by the Board. Freedle noted there were three property owners from the 2003 issuance that must have their sewer permits renewed before April 12, 2007. The Board directed staff to send a certified letter notifying them that they must provide an active building permit by April 12, 2007.

Authorization to Release Permit from 212 Quincy, LLC.

Sieczkowski reported that to date the connection fee refund check to 212 Quincy, LLC had not been cashed. The Board concurred not to release the 212 Quincy connection permit at this time. This matter was continued to the next Board meeting.

Underground Infrastructure Replacement Program Ad Hoc Committee Report.

Freedle reported the committee was working on acquiring data from other entities that have completed undergrounding utilities. The goal was to obtain a cost estimate to underground the overhead utilities in conjunction with the replacement of the District's water infrastructure. Guest Truelson questioned the Board as to the validity of the District Board overseeing the undergrounding of overhead utilities. Freedle referenced the Improvement Act of 1911. Oudegeest stated the District had a responsibility to the public to at least investigate the possibility of undergrounding the utilities while the work was being done on the infrastructure replacement. Bern stated since the roads would be torn up to replace the infrastructure, it would be wise to do all the work at one time and then pave the roads. Freedle stated the committee would be taking a poll of the property owners who need utility undergrounding and that a majority vote would be necessary to move forward with the project.

Quesnel reported he was working with JDH Corrosion Engineers to test the asbestos cement water mains. JDH's March 2, 2007, Proposal for corrosion engineering services was presented to the Board for review and approval. The Board concurred the District should first proceed with Task A – Site Corrosivity Evaluation, and then determine where to take pipe samples for testing.

A motion was made by Oudegeest and seconded by Bowles to authorize the District to move forward with Task A in JDH's March 2, 2007, Proposal for a sum not to exceed \$23,020. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

NEW BUSINESS:

Royal Gorge LLC's Request for Review of District Water Capacity Status.

Mike Livak's E-Mail dated February 19, 2007, Freedle's Letter dated February 22, 2007, Mike Livak's E-Mail dated February 28, 2007, and Royal Gorge, LLC's Letter dated February 28, 2007, were presented to the Board for review and consideration. Freedle reported Royal Gorge, LLC would provide an estimate of the quantity of water that its proposed development would require along with the methodology used to estimate that quantity, and a description of water supply alternatives under consideration. Livak stated Royal Gorge was still developing the required information to present to the Board. He stated that Royal Gorge felt it was appropriate to go to the community with their preliminary land plan first. Now that it had been done, they were moving forward with the estimate of water needs. Freedle stated the District wanted to receive the information from the Districts consultants in regard to the water rights application, hydrologist, CEQA attorney, etc., before the information could be shared from both parties. Oudegeest suggested the District do an independent analysis of the information provided by Royal Gorge. Livak stated Royal Gorge would provide the information to

the District as soon as its consultants provide it to them. Freedle stated the District would review that material and decide on a special meeting date at that time.

Contractor Teichert's Request to Purchase Raw Lake Water for Summer Highway Construction Project.

The February 12, 2007, E-Mail from Bill Quesnel regarding Teichert Aggregate Inquiry and Quesnel's March 2, 2007, Memorandum to the Board regarding Construction Water were presented to and reviewed by the Board. As Teichert Aggregate had not been awarded the construction project, the issue was moot.

ADMINISTRATION:

February 12, 2007, Meeting Follow-up, and March 2007, Action Items List.

The February 12, 2007, Meeting Follow-up and the March, 2007 Action Items List were presented to and reviewed by the Board. The following was noted:

- Staff was directed to monitor fire hydrant snow removal after each storm.
- The fire hydrant repair bill and backup had been sent to DSPUD.
- The website library information had been given to Bill Oudegeest.

Website FAQ's.

The draft website frequently asked questions were presented to the Board for review and approval. The Board concurred the website frequently asked questions could be posted, as amended.

Ordinance No. 78 – Concerning Sewer Primary Facility Fees.

Ordinance No. 78 – Concerning Sewer Primary Facility Fees was presented to the Board for review and approval. The Ordinance increased the sewer primary facility fee to \$7,800 to coincide with Donner Summit Public Utility District's fee, for a total water and sewer primary facility fee of \$10,053.00.

A motion was made by Luscher and seconded by Bern to adopt Ordinance No. 78, as presented. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

FINANCE:

DISBURSEMENTS REQUIRING BOARD APPROVAL:

Acumen Engineering Company.

The March 1, 2007, Invoice #4 from Acumen Engineering Company in the amount of \$4,455.00 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Oudegeest to approve Acumen Engineering's Invoice #4, in the amount of \$4,455.00. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Ellison, Schneider & Harris, LLP.

Ellison, Schneider & Harris, LLP's invoice for January, 2007 legal services in the amount of \$2,377.34 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Oudegeest to approve Ellison, Schneider & Harris, LLP's invoice in the amount of \$2,377.34. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

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

The February, 2007 Monthly and Year-to-Date Operating Expense Budget-to-Actual Reports, were presented to and reviewed by the Board.

Capital Projects Budget-to-Actual.

The February, 2007 Capital Projects Budget was presented to and reviewed by the Board.

Cash Flow Projection Summary and Breakdown.

The March 1, 2007, Cash Flow Projection Summary and Breakdown were presented to and reviewed by the Board.

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

Bern reported there was no need for a closed session. The consultant was preparing a letter of offer to present to Royal Gorge, LLC. The Board concurred the legal committee would review the letter and if acceptable to the committee, it may be sent to Royal Gorge.

ADJOURNMENT:

A motion was made by Luscher and seconded by Bowles to adjourn the meeting at 9:30 p.m. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Administrative Assistant II

APPROVED BY:

President