

APPROVED 6-13-08

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

April 11, 2008

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:09 p.m., Friday, April 11, 2008 at the regular meeting place of the Board, 7305 Short Road, Serene Lakes, California.

ROLL CALL:

The Directors in attendance at the Sierra Lakes Board Room were Wade Freedle, Gene Bowles, Ulrich Luscher, and Bill Oudegeest. Director Martin Bern was present by telephone from 560 Mission Street, 27th Floor, San Francisco, California. Staff members present were Bill Quesnel and Dianna Smith. District Counsel Peter Kiel of Ellison, Schneider & Harris, LLP was present. The guests present were Tom Skjelstad, Joe Gray, Katie Gray, Catherine Gortner, Tamara Miller, Tom Burns, Louise Burns, and Attorney Peter Kiel. Attorney Andrew Hitchings and Mike Livak were present for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the April 11, 2008 meeting was presented to the Board for approval.

A motion was made by Luscher and seconded by Bowles to approve the April 11, 2008 Agenda, as presented. Ayes: Freedle, Bern, Luscher, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

There was no public comment.

ORDINANCE and RESOLUTION REVIEW and ADOPTION:

Ordinance No. 2008-82 Concerning Water Service Priorities, Water Supply Availability, and Deficiency Management Policy and Water Service Conditions of Annexation.

Freedle reported that these were continued from last month's Board meeting and that Attorney Peter Kiel would be presenting the proposed Ordinance and Resolution to the Board for discussion.

Attorney Peter Kiel with the Law Firm of Ellison, Schneider & Harris, LLP stated he had revised the prior draft versions and provided the recent draft to the Board for review.

Attorney Andrew Hitchings with Somach, Simmons & Dunn, presented their Letter dated April 10, 2008 Re: Initial Comments Regarding SLCWD's Revised Draft Ordinance No. 2008-082 and Draft Resolution No. 2008-787 to the Board for review.

Kiel discussed the revisions.

Hitchings stated their firm had not had sufficient time to review the latest proposed revisions made by Kiel.

This matter was recessed in order for attorneys Kiel and Hitchings to make any technical corrections to the proposed draft Ordinance No. 2008-82 and would be continued after the Royal Gorge presentation of their sewer expansion plan.

Resolution No. 2008-787 Concerning the Management of Serene Lakes for Water Supply Management, Aesthetic, Ecological and Recreational Purposes.

Kiel stated the intent of the Resolution was to confirm the present practice with a more formal policy. The present policy is to maintain the lake level no more than three feet (3') below the spillway.

Mike Livak presented a Letter from Remy, Thomas, Moose & Manley dated April 10, 2008 Re: Draft Resolution No. 2008-787 to the Board for review.

Hitchings stated he thought he and Kiel could review the modifications to the proposed Resolution No. 2008-787 and would like to take some time now to go over them.

This matter was recessed in order for attorneys Kiel and Hitchings to make any technical corrections to the proposed draft Resolution No. 2008-787 and would be continued after the Royal Gorge presentation of their sewer expansion plan.

ROYAL GORGE PRESENTATION OF THEIR SEWER EXPANSION PLAN.

Mr. George Hansen with King Engineering, Inc. presented the April 9, 2008 Royal Gorge Preliminary Master Sewer Collection/Transmission Report. He explained the different scenarios developed for sewer collection and transmission.

Mr. Lew Carollo with Carollo Engineering presented their treatment alternative scenarios. There was discussion and questions regarding their proposal.

ORDINANCE and RESOLUTION REVIEW and ADOPTION:

Attorneys Kiel addressed the Board and confirmed he and Hitchings had reviewed the proposed changes in the draft Ordinance and draft Resolution.

Ordinance No. 2008-82 Concerning Water Service Priorities, Water Supply Availability, and Deficiency Management Policy and Water Service Conditions of Annexation.

Kiel stated the proposed Ordinance drafted would give priority for units within the subdivision over other subdivided lots within the service area. It is an issue of equity

in that those properties have paid down the original bond funding for the capital facilities for the District, which is supported by law.

Royal Gorge's request is that the District not make that distinction and that every property be treated equally. Those properties outside the existing subdivision should be given the opportunity to pay a back payment to equalize what the existing subdivided lots have paid.

Kiel stated Royal Gorge had concerns that the conditions for annexation are too general in regard to the territory needing to have facilities for removal of sewage. Kiel agreed to their recommendation to state that the territory must obtain or have available adequate facilities for removal of sewage as a condition of annexation.

Hitchings addressed the Board and stated he thought the Board should not consider adoption of the Ordinance due to inadequate time to consider the proposed changes. He thought the District should consider making the annexation portion a separate Ordinance.

A motion was made by Bowles and seconded by Bern to adopt the proposed Ordinance 2008-82, as amended. The motion passed unanimously on the following roll call vote: Ayes: Freedle, Bowles, Bern, Luscher and Oudegeest. Noes: None. Absent: None. Abstention: None.

Resolution No. 2008-787 Concerning the Management of Serene Lakes for Water Supply Management, Aesthetic, Ecological and Recreational Purposes.

Kiel stated Royal Gorge believed that regardless of whether there is in fact a formal existing policy or not, that this proposed resolution was a project under CEQA which may have potentially significant environmental effects, and that a Notice of Exemption is inappropriate. Kiel stated he felt this action is preserving the status quo; it is not committing the District to a new course of action that would have an environmental effect. This resolution was to formalize existing practice and policy. It is a policy to manage the lakes, and a lake water elevation target.

Kiel stated it was Royal Gorge's contention that the District was not authorized to manage the lakes for recreational purposes and that it also extends to the aesthetic and ecological purposes. Hitchings stated that affirmatively managing for those purposes was not included in the Water Code powers. Kiel stated he interpreted the Water Code authorities to be more of a revenue collection and service provision issue as opposed to whether there may be incidental recreation on District property.

Bern noted that this Resolution was compatible with the District's obligation to meet conditions contained in its Water Rights Permit.

A motion was made by Luscher and seconded by Bowles to adopt the proposed Resolution No. 2008-787, as amended. The motion passed unanimously on the following roll call vote: Ayes: Freedle, Bowles, Bern, Luscher and Oudegeest. Noes: None. Absent: None. Abstention: None.

CONSENT ITEMS CALENDAR:

Minutes of February 16, 2008, and March 14, 2008 Meetings.

Freedle reported the Minutes of February 16, 2008 were going to be continued until the next Board meeting and would not be reviewed.

Kiel stated he felt the Minutes should be pared down to an appropriate level of detail. General practice is to have Minutes of a more general nature; to discuss topics; identify speakers; to identify general areas of disagreement, or substantial discussion; not so much actual statements or proposals. The minutes of discussion could contradict the final action taken by the District. Minutes are primarily to memorialize formal District action.

Oudegeest stated it is incumbent upon and the responsibility of the Board to convey to the public what goes on at the meetings. Bowles stated he thought the minutes should be more general and if someone wanted to make very specific statement about them, they could put in writing precisely the way they want it. Not every comment made at the meeting should be incorporated in the minutes.

Director Bern left the meeting at 8:15 p.m.

Mike Livak requested to address Agenda Item IV.B.1 as it was getting late.

OLD BUSINESS:

Update on Reimbursement Agreement with Royal Gorge, LLC for Hydrology Studies – Status Update.

The March 14, 2008 Letter from Royal Gorge regarding SLCWD's Invoice #08-1 dated February 29, 2008; the February 20, 2008 Letter from SLCWD regarding Billing for Water Study Tasks – Your Letter March 14, 2008; and the March 26, 2008 Letter from Royal Gorge regarding payment of Invoice #08-1 excluding \$4,825.00 were presented to the Board for review.

Freedle reported this is a result of the billing for the water study tasks, and that there was an issue regarding a 10% markup on the well test. Livak stated the scope of work was agreed upon and the 10% markup was never discussed in regard to the recreational study. The original scope of work stated Jones & Stokes was going to perform a series of tasks including a number of interviews and assemble a database allowing it to be queried. At the end of the study they only interviewed three people, and no database was assembled. They billed 90% of the contract amount and only produced a portion of the scope.

Livak wanted to assure that all cost agreements were concluded prior to initiation of the work.

CONSENT ITEMS CALENDAR:

A motion was made by Oudegeest and seconded by Luscher to approve the remainder of the items on the consent items calendar which included the March 14, 2008 Minutes; the March 2008 Check Register; and new vendor Valley Tractor, Inc. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

OPERATIONS:

Operations Report from Bill Quesnel.

Quesnel's March 2008 Operations and Maintenance Report dated April 2, 2008 and Quesnel's April 4, 2008 Memorandum regarding Ice Boring Results were presented to the Board for review. The Board directed Quesnel to verify the District's easement for the water intake pipe and inquire about moving the intake to a deeper spot.

Quesnel stated staff member Stransky was recovering from his surgery well and was not expected to return to work before Labor Day, 2008. Quesnel requested authorization to place an advertisement in the local paper for summer temporary help. Oudegeest suggested Quesnel look for other agencies' employees who might be willing to work extra hours. The Board authorized placement of the ad.

On-Call Contract with Placer Electric.

Quesnel's April 4, 2008 Memorandum regarding Approval of On-Call Construction Contract - Placer Electric was presented to the Board for review and consideration.

A motion was made by Oudegeest and seconded by Luscher to approve the Contract with Placer Electric. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

2008 Capital Expenditure Planning for 2008/09.

Quesnel's April 3, 2008 Memorandum regarding Capital Projects was presented to the Board for review. The Board discussed underground facility improvement options. Freedle reported that preliminary budgets would be presented next month.

OLD BUSINESS:

President's Report.

Freedle's April 3, 2008 Presidents Report for April was presented to the Board for review.

Construction-in-Progress.

The April 4, 2008 construction-in-progress logs were presented to the Board for review.

Request for Continuance – Craig.

The April 4, 2008 Letter from Mr. and Mrs. Russ Craig regarding a request for continuance to obtain their building permit was presented to the Board for review and approval.

A motion was made by Oudegeest and seconded by Bowles to approve Craig's request for a 90-day continuance to obtain his building permit. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

NEW BUSINESS:

Budget Planning for 2008/09.

Freedle reported that he and staff were preparing the preliminary budget figures for the next Board meeting.

Reviews - Personnel.

Freedle reported that personnel reviews needed to be completed before the May meeting, and instructed Quesnel to prepare the reviews for operations staff.

Salary Scale Review.

Freedle reported he had received recent wage scale information from Tahoe Sanitary District and requested Quesnel to compare the Districts salary scale and provide recommendations.

DSPUD Sewer Plant Capacity Study.

Freedle reported that the DSPUD contract with Eco:Logic for plant expansion had a paragraph that stated Eco:Logic would do an analysis for Royal Gorge, LLC for seven hundred and fifty (750) units. Freedle stated that essentially this contract was between Eco:Logic and the two Districts because this study was made to establish the two District's needed capacity for build-out for current subdivided lots. Freedle believes the work for Royal Gorge, LLC may complicate the administration of the Eco:Logic contract. There was discussion as to the expansion process. Freedle stated there would be an expansion committee meeting during the first week of May.

ADMINISTRATION:

March 14, 2008 Meeting Follow-Up.

The Follow-up from the March 14, 2008 Board meeting was presented to the Board for review. The following was noted:

- Smith would attend a Minute recording class when one is available.

- Quesnel reviewed County Regulations regarding road repair standards and possible cost profiles for water system pipe replacement project.
- Freedle advised SLDSCA that the District is not a collaborator for the grant application.
- Freedle would prepare a District policy regarding potential liabilities on District premises.
- Freedle implemented the T-Bill Investment Policy and developed a procedure for the authorization of purchases.
- Freedle applied for the PCWA Grant.
- Freedle prepared proposed changes to Ordinance in regard to water/sewer base charges.
- Freedle prepared the contract for services with Judy Vanderwood.

March 2008 Action Items List.

The March 2008 Action Items List was presented to the Board for review.

Review of Ordinance No. 2008-83; Notice of Public Hearing re: Elimination of Water and Sewer Base Charges.

The April 3, 2008 Notice of Public Hearing on Proposed Elimination of Water and Sewer Base Charges and the Draft Ordinance 2008-83 were presented to the Board for review. Freedle noted the Hearing would be June 13, 2008 at 5:00 p.m.

T-Bill Policy.

Freedle reported he was developing a T-Bill Policy.

FINANCE:

Disbursements Requiring Board Approval.

The following disbursements requiring Board approval were presented to the Board for review and approval:

Acumen Engineering March Professional Services Dated 4/2/2008	\$6,680.00
Donner Summit Public Utility Service Inv #01/08 dated 2/29/2008	\$14,371.20

Donner Summit Public Utility Service Inv #02/08 dated 2/29/2008	\$811.13
Ellison, Schneider & Harris, LLP February Professional Services Dated February 29, 2008	<u>\$8,920.01</u>
Total	\$30,782.34

A motion was made by Luscher and seconded by Oudegeest to approve the disbursements requiring Board approval in the total sum of \$30,782.34. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

Financial Reports March.

Freedle's April 4, 2008 Memorandum regarding Operating Budget Performance for the Month of March 2008 was presented to the Board for review.

The Operating Expense Budget-to-Actual for March, 2008 was presented to the Board for review.

The Operating Expense Budget-to-Actual for July 2007 through March 2008 was presented to the Board for review.

The Capital Expenditure Budget vs Actual for July 2007 through March 2008 was presented to the Board for review.

The April 3, 2008 Cash Flow Forecast Summary was presented to the Board for review. Freedle noted the cash flow forecast did not include the payment for the vector truck in the sum of \$265,000 for the month of June 2008.

ADJOURNMENT:

A motion was made by Oudegeest and seconded by Luscher to adjourn the meeting at 10:07 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

Administrative Specialist II

APPROVED BY:

President