

APPROVED 6-13-08

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

May 9, 2008

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:05 p.m., Friday, May 9, 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. The guests present were Richard Sausser, Tom Burns, Fran Freedle, Bernard Pech, Linda Waddle, Amber Waddle, Leroy Waddle and Jeff Krebill. Mike Livak was present for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the May 9, 2008 meeting was presented to the Board for approval.

A motion was made by Luscher and seconded by Bowles to approve the May 9, 2008 Agenda, as presented. Ayes: Freedle, Bern, Luscher, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

Mr. Richard Sausser addressed the Board in regard to the test wells drilled by Royal Gorge and questioned if the District had anything in place to take authority of those wells or if that was a concern at this point. He wondered if the District had any authority over Royal Gorge drilling wells within the District and selling that water. Freedle stated the District had authority to require a report on the results of the testing and he thought the District had the general authority to manage all water resources within the District. Mr. Mike Livak stated on behalf of Royal Gorge that they did not have any intention of selling that water or developing a commercial water business within the District.

Freedle reported that on May 20, 2008 at 1:00 p.m. there would be a meeting of the Sewer Expansion Committee at the Donner Summit Public Utility District Board room. They would be determining the capacity of the sewer system which is presently in place; to allocate any of that capacity over and above what was already allocated; and to draw plans to expand the plant to the extent necessary to serve the remaining subdivided lots in both districts. The committee members of the District are Luscher, Freedle and property owner Blake Tresan.

Luscher reported he had recently attended the ACWA/JPIA Committee Meeting and all three insurances the District is enrolled in (Property, Liability and Workers'

Comp) are doing very well. The rates are going down due to the lower claims costs of the insured Districts.

RECONSIDERATION OF RESOLUTION No. 2008-787 CONCERNING THE MANAGEMENT OF SERENE LAKES FOR WATER SUPPLY MANAGEMENT, AESTHETIC, ECOLOGICAL AND RECREATIONAL PURPOSES:

Freedle reported this Resolution was considered and adopted at the April 11, 2008 Board meeting. As a result of allowing changes to be made at the last minute, there were some Directors that did not have a full appreciation of what the final versions were. There was discussion regarding rescinding the Resolution.

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

CONSENT ITEMS CALENDAR:

Minutes of February 16, 2008, and April 11, 2008 Meetings.

Freedle reported the Minutes of April 11, 2008 were not going to be reviewed and would be continued to the next Board meeting.

A motion was made by Bowles and seconded by Luscher to approve the remainder of the Consent Items Calendar which included the February 16, 2008 Minutes and the April 2008 Check Register. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

OPERATIONS:

Operations Report from Bill Quesnel.

Quesnel's April 2008 Operations and Maintenance Report dated May 1, 2008 was presented to the Board for review. Luscher noted there was inflow and infiltration, but that the flows were significantly reduced from last year's figures. Quesnel reported on repairs made to the sewer collection system which had helped.

2008 Sewer and Water Pipeline Replacement Project.

Quesnel's May 1, 2008 Memorandum regarding 2008 Sewer and Water Pipeline Replacement Projects was presented to the Board for review and consideration. There was discussion regarding the proposed projects.

A motion was made by Luscher and seconded by Oudegeest to authorize the Board President to sign and file the Notice of Exemption from the CEQA process on the 2008 Pipeline Replacement Project. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

A motion was made by Luscher and seconded by Bowles to authorize Quesnel to accept the Proposal for Geotechnical Engineering Services from Holdrege & Kull for the 2008 Pipeline Replacement Project and to authorize Quesnel to allow minor extras up to \$5,000.00. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Close-Out Change Order with Suter Construction Project 2007-005.

Quesnel's May 1, 2008 Memorandum regarding Close-Out Change Order, Project 2007-005 was presented to the Board for review and consideration. Quesnel reported by the time this project was completed last fall it was too late for Suter Construction to complete the final patch and seal on the road. The District had withheld approximately \$11,000.00 to complete the project. Suter had asked if the District could authorize a Deductive Change Order so that a Notice of Completion could be filed for his company and he could move onto other projects. Quesnel proposed to hold back \$5,246.00 and include it in the ceiling required for the projects planned for 2008/09.

A motion was made by Luscher and seconded by Bowles to authorize Quesnel to execute a Deductive Change Order in the amount of \$5,246.00 with Suter Construction for Project 2007-005; to authorize final payment to Suter Construction in the amount of \$6,602.00; and to authorize the Board President to complete the Notice of Completion for Project 2007-005. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Possible Contract for Inspection & Repair of Hill Tank.

Quesnel's May 1, 2008 Memorandum regarding Inspection and Repair of the Hill Tank was presented to the Board for review and consideration. Quesnel reported staff believed there was a possible leak in the underground water storage tank. There was discussion regarding the strategy to access and possibly repair the tank.

A motion was made by Oudegeest and seconded by Luscher to authorize Quesnel to execute a Construction Agreement with a qualified tank inspection company for an amount not-to-exceed \$4,500.00 for inspection and possible repair of the Hill Tank. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Possible Summer/Temporary Operations Position.

Quesnel's May 1, 2008 Memorandum regarding a Temporary Operations Position was presented to the Board for review and consideration. Quesnel reported he had received ten applications for the position, but only two applicants were fully qualified.

A motion was made by Oudegeest and seconded by Bowles to authorize Quesnel to proceed with his recommendation to hire summer/temporary help. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

OLD BUSINESS:

President's Report.

Freedle's May 2, 2008 Presidents Report for May was presented to the Board for review.

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

Mr. Livak addressed the Board and reported there was concern in regard to one billing from Jones & Stokes. Since that time Freedle has taken the lead to have a conference call with Royal Gorge and Jones & Stokes in regard to the billing. Freedle reported that the District had received an additional billing where the amount has exceeded the contract limits on one of the task studies. Luscher noted there was the issue of the 10% markup of Jones & Stokes for services by their subcontractors.

Livak stated CDM had provided a comment letter and formal information request to Jones & Stokes concerning the draft lakes sampling plan Jones & Stokes had prepared. Livak had concerns regarding the cost of the Aquatic Assessment and he had made requests for additional bids or cost estimates which he would provide to the District when he received them.

Livak also reported that the watershed hydrologic evaluation is ongoing. Freedle requested that the District receive the results of their flow meters at the dam, so the District could obtain an accurate indication of the amount of water flowing over the spillway. Livak stated he thought it was CDM's intention to publish a report of the results. Bern requested Livak provide the District with the raw data when it is collected. Livak agreed.

Construction-in-Progress.

The May 2, 2008 Construction-in-Progress Logs were presented to the Board for review.

Request for Continuance – Cook.

The April 22, 2008 Letter from Mr. and Mrs. Steve Cook 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 Luscher to approve Cook's request for a 90-day continuance to obtain his building permit. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

NEW BUSINESS:

April 21, 2008 Letter from Property Owner Mr. Al Le Bel re: Ordinance No. 2008-82.

The April 21, 2008 Letter from Mr. Al Le Bel was presented to the Board for review and consideration.

April 28, 2008 Letter from Property Owner Mr. Al Le Bel re: Request for Information .

The April 28, 2008 Letter from Mr. Al Le Bel was presented to the Board for review and consideration.

Freedle's Draft response letter dated May 5, 2008 regarding Mr. Le Bel's Letters of April 21, 2008 and April 28, 2008 was presented to the Board for review and consideration.

Freedle reported that this is a response to questions that involve policy and only the Board sets policy, responds to policy and defines policy.

A motion was made by Oudegeest and seconded by Bowles to approve the draft response letter to Mr. Al Le Bel, as presented. Ayes: Freedle, Bowles, Bern, and Oudegeest. Noes: None. Absent: None. Abstain: Luscher. The motion passed.

Placer County LAFCO Election of Special District Representative to the Local Agency Formation.

The April 10, 2008 Letter from Placer County Local Agency Formation Commission regarding Election of Special District Representative to the Local Agency Formation Commission (LAFCO) was presented to the Board for review and consideration.

A motion was made by Luscher and seconded by Oudegeest to authorize Freedle to vote for incumbent John Moberly as the District's candidate. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Preliminary Review of the 2008/09 Budget.

Freedle's May 5, 2008 Memorandum regarding Preliminary Budget Review for 2008/09 was presented to the Board for review. The Board discussed various budget items.

Operation's Cost.

Quesnel's May 1, 2008 Memorandum regarding Draft Operations and Maintenance Department Budget and Quesnel's May 8, 2008 Proposed Operating Cost Budget for 2008/09 were presented to the Board for review and consideration. The Board discussed the proposed budgets.

Quesnel’s Memorandum Dated May 1, 2008 re: Draft Operations and Maintenance Salary and Job Description.

Quesnel’s Memorandum Dated May 1, 2008 regarding Operations and Maintenance Salary and Job Descriptions was presented to the Board for review and consideration. There was discussion regarding the proposed changes.

A motion was made by Oudegeest and seconded by Bowles to approve the recommended changes in job classifications; additional pay for extra certifications; and the revised job descriptions. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Capital Expenditure Schedule.

The proposed Summary of Infrastructure Projects FY 2008-2012 was presented to the Board for review and consideration. Freedle noted that the schedule did not reflect the total amount of work which could be completed in each of the construction seasons.

The Board directed Quesnel to recast the capital expenditure schedule to include more lateral replacements, to reduce the total construction period from four years to three years.

Cash Management and Financing Forecast.

The Cash Flow Projection Summary for Fiscal Years 2008/09 – 2011/2012 was presented to the Board for review.

Review of the Districts Sewer Management Ordinance No. 73.

Ordinance No. 73 adopted September 23, 2005 was presented to the Board for review.

Letter to King Engineering dated April 28, 2008.

The April 28, 2008 Letter to King Engineering “Your Presentation of Sewage Collection Options for the Royal Gorge Development” was presented to the Board for review. Freedle noted this letter was directed to King Engineering explaining that their plans for sewage disposal in the Wilderness Camp and their irrigation option could not be undertaken pursuant to Ordinance No. 73.

Review Eminent Domain Proceedings.

Bern reported that the District’s lawyer had been working on the possibility that other lake bottom property owners had interests besides Royal Gorge, LLC. A notice will be published in case anyone feels they have a right to the lake bottom. Bern stated that the appraisal should be received within sixty days.

Mr. Livak addressed the Board on behalf of Royal Gorge, LLC, and questioned the District’s need to own the parcel. Livak stated the District has not owned the parcel

in the past and Royal Gorge was not aware of any problems as a result of this in the past. Royal Gorge would be willing to provide the District with a Management Agreement, or certain rights for Management if the District feels it is necessary. Royal Gorge did not believe it was necessary for the District to own this parcel, nor for the District to spend the rate payers' money to pursue this action; which Royal Gorge intended on resisting.

Mrs. Cheryl Le Bel addressed the Board and questioned the need for the District to own the lake bottom parcel. There was discussion regarding the need for the District to own the property. Freedle reported the District would have to defer to the language which was being prepared by its eminent domain attorney.

Update on the Status of the District Water Supply Analysis.

Freedle reported last January the District reported the result of a water supply analysis, which at that point in time, the District thought was the primary timeframe for analyzing the limitation of the lakes as a water supply. Since then, there has been an ongoing evaluation of the ice formation over the lake water and the results are still being collected. Along with this data will be the amount of water that is flowing over the spillway. That would provide a number in regard to flow through during the spring melt. With that information the District will complete the water supply analysis on an entire annual cycle.

That analysis will be a calculation of the amount of water that is tied up in ice during the winter and spring months in the lake, which will be deducted from the available water underneath the ice. The data should be collected by mid June. There would be an analysis of the weather in terms of temperature and the effect on the ice it may have in warmer years, colder years, and the like. The whole process would be put together to have an annual water supply analysis of the total amount of water available, as well as the water available on a monthly basis. Royal Gorge's water demand showed a specific amount of acre feet per month, and the District wants to respond to that analysis.

Analysis of the impact of ice formation upon the winter water supply.

Freedle reported the results of the ice studies were being analyzed.

California Water and Environmental Modeling Forum – Technical Workshop for Watershed Modeling Presented by the U.S. Army Corp. of Engineers May 28, 2008.

The California Water and Environmental Modeling Forum Technical Workshop of May 28, 2008 was presented to the Board for review and consideration. Freedle stated he intended to attend the modeling workshop which would give the District a much better handle on what the watershed represents. Hopefully it would give the District data and modeling formulas to get a better grip on exactly what it could expect the watershed to produce in the various years in terms of snow pack. Bowles stated he would also attend if possible.

ADMINISTRATION:

April 11, 2008 Meeting Follow-Up.

The Follow-up from the April 11, 2008 Board meeting was presented to the Board for review. The following was noted:

- Freedle provided Royal Gorge and King Engineering a copy of the District Ordinance prohibiting the onsite disposal of sewage.
- Smith attached SLCWD and Royal Gorge's Water Supply Analyses to the January 11, 2008 Minutes.
- Quesnel placed an advertisement for summer/temporary help.
- Quesnel prepared the Operations personnel evaluations.

April 2008 Action Items List.

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

Review of Mileage Rate Reimbursement.

The Internal Revenue Service 2008 Standard Mileage Rate was presented to the Board for review and consideration.

A motion was made by Luscher and seconded by Bowles to adopt the IRS 2008 Standard Mileage rate of \$.505 cents per mile retroactive to January 1, 2008. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Proposed Resolution No. 2008-788 Declaring an Election be Held in its Jurisdiction; Requesting the Placer County Board of Supervisors to Consolidate this Election with any other Election Conducted on Said Date; To Conduct Said Election by All-Mailed Ballot; And Requesting Election Services by the County for All-Mailed Ballot Election.

The proposed Resolution No. 2008-788 Declaring an Election be Held in its Jurisdiction; Requesting the Placer County Board of Supervisors to Consolidate this Election with any other Election Conducted on Said Date; To Conduct Said Election by All-Mailed Ballot; And Requesting Election Services by the County for All-Mailed Ballot Election was presented to the Board for review and consideration.

A motion was made by Oudegeest and seconded by Bowles to adopt Resolution No. 2008-788, as presented. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Director Bern left the meeting at 7:30 p.m.

FINANCE:

Disbursements Requiring Board Approval.

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

Acumen Engineering	\$11,973.00
April Professional Services	
Dated 5/1/2008	
Ellison, Schneider & Harris, LLP	\$1,928.00
March Professional Services	
Dated March 31, 2008	
Jones & Stokes	
SLCWD Water Supply Review 2/25/08 to 3/31/08	\$200.00
SLCWD – Royal Gorge Tasks 2/25/08 to 3/31/08	\$21,430.44
Judy Vanderwood	\$4,000.00
April Professional Services	
Dated May 5, 2008	
Mountain Pipeline	
April 14, 2008	\$935.00
May 8, 2008	<u>\$560.00</u>
Total	\$41,026.44

Freedle reported that the Jones and Stokes billing for SLCWD-Royal Gorge Tasks 3.2 and 11 for the period 2/25/08 to 3/31/08, in the amount of \$21,430.44 was not going to be included or approved at this time as it appeared to exceed the cost limitation of the task items in the contract.

A motion was made by Luscher and seconded by Oudegeest to approve the disbursements requiring Board approval, except the Jones & Stokes SLCWD-Royal Gorge invoice, for a total payable sum of \$19,596.00. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

Financial Reports April.

Freedle's May 1, 2008 Memorandum regarding Operating Budget Performance for the Month of April 2008 was presented to the Board for review.

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

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

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

The May 5, 2008 Cash Flow Forecast Summary as of April 2008 was presented to the Board for review.

CLOSED SESSION:

Public Employee Performance Evaluations – All Categories (California Government Code Section 54957)

A motion was made by Oudegeest and seconded by Bowles to move the meeting into Closed Session at the hour of 8:15 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

OPEN SESSION:

A motion was made to move the meeting into Open Session at the hour of 9:08 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

Freedle reported the Board eliminated the intermediate steps in the job classifications; a policy was set as to merit raises between 0% and 6%; a schedule of incentive pay for extra certifications for the Utility Systems Operators with the provision that the top certificate would be 2.5% was adopted; and that a 3.9% COLA increase was adopted. Freedle would delete the schedule of grade steps for the Administrative salary scale.

ADJOURNMENT:

A motion was made by Bowles and seconded by Oudegeest to adjourn the meeting at 9:10 p.m. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed.

Administrative Specialist II

APPROVED BY:

President