

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

MAY 11, 2007

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:02 p.m., Friday, May 11, 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, Gene Bowles, Ulrich Luscher, and Bill Oudegeest. Director Martin Bern was present by telephone from 560 Mission Street, San Francisco, California. Staff members present were Bill Quesnel, Judy Sieczkowski, and Dianna Smith. The guests present were Fran Freedle, George Spencer, Tom Burns, Peter Wiley, and Mike Livak for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the May 11, 2007 meeting was presented to the Board for approval.

A motion was made by Luscher and seconded by Bowles to approve the May 11, 2007 Agenda, as presented. Ayes: Freedle, Bowles, Bern, Luscher and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

Guest Burns addressed the Board and commended the District for its website, giving special acknowledgement to Director Oudegeest for his work on the project.

Guest Livak addressed the Board regarding Freedle's May 2, 2007 Letter regarding Property Purchase Offer - Lakes Dulzura and Serena, Serena Creek and Ice Lakes Dam. Livak referenced his May 8, 2007 Letter regarding Royal Gorge Communication with SLCWD Board describing Royal Gorge's position on the lake bottom. Livak stated Royal Gorge was expecting to present their plans for the proposed development to the District next week, and hoped they could discuss the matter at the next Board meeting.

CONSENT ITEMS CALENDAR:

A motion was made by Bowles and seconded by Bern to approve the Consent Items which included the March 13, 2007 Minutes; the March 2007 Check Register; and new vendors Paramount Chemical Corporation, The Law Offices of Belzer & Carr, and World Wide Water Utility Services. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

Quesnel's May 3, 2007 Operations and Maintenance Report for April 2007 was presented to the Board for review. Luscher noted the water production showing as a 21% increase on the Operations Report was incorrect and should show a reduction in water production from this time last year. Quesnel reported the wastewater flow meter on Pahatsi had been calibrated and was working properly. Bowles noted there was a lot of inflow and infiltration during the month of April.

Bern requested staff to monitor the water level at the dam and note the date that water stops flowing over the spillway. Quesnel noted the water level of the lake was measured regularly by the SCADA system and stated he would have staff manually measure the dam flow. Luscher stated staff should use the Health and Safety Regulations when measuring the water level at the dam. Guest Livak stated that Royal Gorge consultants, CDM, would be installing equipment on Royal Gorge property to monitor the flows over the dam. Livak stated they would be pleased to share the information with the District.

The Sierra Lakes Asset Management System Reports from April 1, 2007 to May 2, 2007 were presented to the Board for review. The Board discussed the gathering and inputting of data.

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

Quesnel's May 3, 2007 Memorandum regarding Addendum to Sierra Controls Lift Station Control System Upgrade was presented to the Board for review and consideration. Quesnel reported that after Sierra Controls installed the new SCADA Master Computer Software there had been abnormal readings related to flow and status. Sierra Controls determined the Master Remote Terminal Unit did not have enough processing power to provide timely data inputs to the control screen, and that this situation would become worse as the upgrades to the outlying stations come on-line. Quesnel recommended that the Board authorize Sierra Controls to amend the contract for the purchase and installation of a new Master Remote Terminal Unit at the main office.

A motion was made by Luscher and seconded by Bowles to authorize an amendment to Sierra Controls contract upgrading the sewage pump station control systems to purchase and install a new Master Remote Terminal Unit, for an amount not to exceed \$4,000.00. Ayes: Freedle, Bowles, Bern, and Luscher. Noes: None. Absent: None. Abstention: Oudegeest. The motion passed.

Quesnel's May 3, 2007 Memorandum regarding Replacement of SPS-3 Transfer Switch was presented to the Board for review and consideration. Quesnel reported he had consulted with an Electrical Engineer, Eric Sandel, who recommended the District purchase a new switch rather than repair the existing 50 year old switch to avoid the risk of irreplaceable parts. Quesnel recommended the Board authorize an amendment to Custom Electric's contract to upgrade the sewage pump stations by adding the purchase and installation of a new emergency transfer switch at the #3 SPS.

A motion was made by Oudegeest and seconded by Luscher to approve an amendment to Custom Electric's contract upgrading the sewage pump stations by adding the purchase and installation of a new emergency transfer switch at the #3 SPS, for an amount not to exceed \$5,000. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Review of Filter Plant Operations.

Quesnel's May 3, 2007 Memorandum regarding Operation of Water Treatment Plant was presented to the Board for review and consideration. Quesnel reported the plant had always been run manually by staff to ensure water quality. Quesnel stated he would like to run the plant automatically to reduce operator input requirements. He assured the Board that Eco:Logic included parameters in the design of the SCADA system to protect against the situations that had concerned staff regarding water quality. Quesnel informed the Board he planned to have Fred Fahlen of Eco:Logic Engineering come up, as the original designer of the plant, to review with staff how the plant should be operated. Operations had been running the plant this past week as recommended and it had been working properly. He stated running the plant on automatic also conforms to State Department of Health Services standards. Quesnel informed the Board that there would need to be additional data points and alarms installed once the Master Remote Terminal Unit was replaced.

OLD BUSINESS:

President's Report.

The May 4, 2007 President's Report was presented to and reviewed by the Board.

Construction-in-Progress.

The May 1, 2007 Construction-in-Progress Logs were presented to and reviewed by the Board. Sieczkowski reported the changes that were made to the logs since the meeting binder material was mailed last week.

The May 1, 2007 Letter from Earl and Cathy Pearson stating the County would give them until the end of May to renew their Building Permit was presented to the Board for review and approval. The Board concurred they may renew their water and sewer connection permit by May 31, 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. Sieczkowski stated she had tried contacting them to let them know that there were permits currently available, that they had met all the requirements to obtain a permit, and that they needed to reapply. The Board concurred not to release the 212 Quincy connection permit at this time.

NEW BUSINESS:

SLPOA's Request for Garbage Bin Donation for Summit Clean-Up Day.

The May 3, 2007 Letter from property owner Jennifer Montgomery regarding the May 19, 2007 Summit Clean Up Day was presented to the Board for review and consideration.

A motion was made by Bowles and seconded by Luscher to provide a twenty (20) yard dumpster for the Summit Clean Up Day to be held on Saturday, May 19, 2007. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

SLPOA Boat Storage.

Bowles' April 3, 2007 Memorandum regarding Boat Storage on Serene Lakes was presented to the Board for review and consideration. Freedle reported there have been boats stored at the properties around and near the District's lake water intake pipe. The adjacent property owners have requested that the boats no longer be stored there. The activities of launching boats has degraded the banks around the area, which jeopardizes the water quality. Quesnel stated he had not heard anything anecdotally about murky water threshold levels and had put a call into the Department of Health Services for their opinion on this. Quesnel would update the Board of the State's opinion when he gets it. The Board concurred an ad-hoc committee made up of Bowles and Bern be created to research this issue and make a recommendation to the Board at a later date. The Board directed Quesnel to have staff monitor the turbidity readings during periods of high public use in the area of the lake water intake pipe.

Legal Committee Review of SB610 and SB221.

The February 19, 2007 ACWA News Article regarding California Supreme Court Decision Decides Major Water Case – CEQA Related Issue was presented to the Board for review. Freedle reported the requirement of SB221 is for the water utility to sign off for service on any new development. The Board concurred the District would have to understand the responsibilities of the District in regard to these bills.

Consideration to Retain Water Rights Attorney.

The biography and resume of Antonio Rossmann was presented to the Board for review. The May 3, 2007 Letter from Rossmann and Moore, LLP was presented to the Board for review and consideration. The May 7, 2007 Letter from Bernard and Joan Pech supporting Rossmann was presented to the Board for review. Bowles stated he had personally met Rossmann and recommended him to the Board. The Board concurred that the legal committee would meet or talk with Rossmann and contract for his services if the terms were acceptable.

ADMINISTRATION:

April 13, 2007, Meeting Follow-up, and May 2007, Action Items List.

The April 13, 2007 Meeting Follow-up and the May, 2007 Action Items List were presented to and reviewed by the Board. The following was noted:

- Sieczkowski had prepared and forwarded to Freedle a first draft revision to the Employee Handbook to reflect the change to a 9/80 work schedule for Operations staff. Following further discussion of the matter at this meeting, the Handbook revisions will be changed to reflect the Board's decisions and forwarded to the Board for consideration at the June 2007 meeting.
- Smith received a copy of DSPUD's discharge permit report prepared by Eco:Logic, which is available for review in the Administrative Office.
- Quesnel contacted an electrical engineer who recommended replacement of the entire electrical panel at the #3 SPS.
- The preliminary Operating and Capital Projects Budgets were prepared and submitted for Board review.
- Freedle contacted Skjelstad at DSPUD to get an estimate of the time and additional cost requirements to complete the AccuWeb project, the 2007/08 planned capital expenditures, and the estimated 2007/08 monthly treatment costs.
- Bowles reviewed the feasibility of replacing the District's present teleconferencing equipment with a Polycom system.

The Board approved purchase of the Polycom teleconference system used at this meeting. The Board directed Smith to provide Quesnel with a copy of the sample policy for small tools and equipment control provided by the Santa Fe Irrigation District.

Revision to Employee Handbook – O&M Work Schedule Change.

Quesnel's April 3, 2007 Memorandum regarding the Operations and Maintenance Department Work Schedule was presented to the Board for review and consideration. Freedle reported the first draft revision to the employee handbook would result in structural overtime for staff. Freedle felt there should be a system that would allow for daily overtime, as well as weekly overtime.

A motion was made by Luscher and seconded by Bowles to adopt the 9/80 work schedule for the Operations staff and overtime would be paid at a rate of one and one half times the hourly pay rate on any hours worked over nine hours in a day. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

FINANCE:

DISBURSEMENTS REQUIRING BOARD APPROVAL:

Acumen Engineering Company.

The May 1, 2007 Invoice #6 from Acumen Engineering Company in the amount of \$7,110.00 was presented to the Board for review and approval.

DSPUD AccuWeb Back Payment Process.

The Donner Summit Public Utility Districts AccuWeb Project Invoice #13/07 in the amount of \$146,290.53 was presented to the Board for review and approval.

Ellison, Schneider & Harris, LLP.

Ellison, Schneider & Harris, LLP's invoice for March 2007 legal services in the amount of \$992.39 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve payment of the above-listed bills. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

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

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

Cash Flow Projection Summary and Breakdown.

The May 9, 2007 Cash Flow Projection Summary and Breakdown were presented to and reviewed by the Board.

ADMINISTRATION:

Review Preliminary Operations, Administrative, and Capital Improvement Projects Budgets.

The 2007/08 Proposed Operating Budget and 2007/08 Capital Projects Budget were presented to the Board for review and consideration.

The Board concurred the District would budget \$75,000.00 for a vector unit in the 2007/08 Capital budget. The Board directed staff to finalize the budgets for approval at the June Board meeting. The Board concurred they would review the backup material provided to them regarding the last rate increase and would consider a rate increase proposal for the next Board meeting.

A motion was made by Luscher and seconded by Oudegeest to move the meeting into Closed Session at the hour of 8:45 p.m. Ayes: Freedle, Bowles, Bern, Luscher, and

Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

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

Personnel – All Employees (California Government Code Section 54957)

OPEN SESSION.

A motion was made by Bowles and seconded by Luscher to move the meeting into Open Session at the hour of 9:23 p.m. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Freedle reported the Board took no action in regard to real estate negotiations.

A motion was made by Luscher and seconded by Oudegeest to hire Mary Feeney-Hall as a temporary summer employee at seventeen dollars an hour. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

ADJOURNMENT:

A motion was made by Luscher and seconded by Bern to adjourn the meeting at 9:25 p.m. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Administrative Assistant II

APPROVED BY:

President