

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

**July 10, 2009
Regular Meeting**

5:00 – 9:05 p.m.

7305 Short Road, Serene Lakes, California.

I. ROLL CALL:

Directors in attendance at the Sierra Lakes Board Room were:

Director Wade Freedle, Chair
Director Gene Bowles
Director Ulrich Luscher
Director Bill Oudegeest.
Director Martin Bern

Staff members present were: Mr. Bill Quesnel and Mrs. Anna Nickerson

The guests present were: See attached Guest List – Exhibit #1

Minute Recorder: Mrs. Anna Nickerson

II. PUBLIC FORUM:

Mr. Charlie Houtz, resident of Serene Lakes, asked if there would be a discussion on the upcoming sewer testing program. Director Freedle responded that the program hadn't been put together yet and that further discussion will be had at the August meeting.

III. CONSENT ITEMS CALENDAR:

The Consent Items Calendar was presented to the Board for review and approval. The consent items included the June 26, 2009 Meeting Minutes and the June 2009 Check Register. There were two corrections made to the meeting minutes and a question regarding a check written to Western Nevada Supply. It was clarified by Mr. Quesnel that the purchase was for more than just water meter parts, it was for water system repair parts.

A motion was made by Director Oudegeest and seconded by Director Luscher “to approve the consent items, as corrected”. The motion passed on a unanimous vote.

IV. OPERATIONS:

A. Operations Report from Bill Quesnel

Mr. Quesnel's June 2009 Operations and Maintenance (O&M) Report was presented to and reviewed by the Board. At the meeting, in addition to the June 2009 O&M Report, Mr. Quesnel provided a "Lake Inflow Monitoring Log" and a "Sewage Export Comparison" spreadsheet.

Mr. Quesnel reported that the water level was now about 1' below the top of the dam and that, as of July 1st, water was being monitored and released. So far there had been 9 acre feet of inflow and 4 acre feet released. No release would be made over the weekend as per policy.

Mr. Quesnel then reported on the status of the proposed sewer lateral testing program. He stated that 15 leaking laterals, identified during the recent TV camera work, would be used to test the "program". District personnel would perform the 15 lateral tests to determine how long a test would take. The results of the 15 tests would then help determine the extent of the program and what would be required of residents. Mr. Houtz asked if the District planned on performing the lateral tests for the proposed program. He went on to say that in the past, letters had been sent to homeowners requesting that a sewer lateral test be performed and that it was his understanding that a Public Utility District could not be in direct competition with private industry. Mr. Houtz further mentioned that Utility District personnel were not supposed to go on to private property. Mr. Quesnel clarified that there were still a lot of details to be worked out, Director Luscher responded that Mr. Houtz's comments would be considered when designing the program, and Director Bowles reiterated that the District was still trying to understand "what the program is" and how to proceed.

Director Oudegeest asked if a forester had been in to remove the trees that were cut down the previous year. Mr. Quesnel was not aware if the trees had been removed or not and that he would follow up on the issue.

Director Oudegeest asked about the "plumbing in garages" issue that Mr. Quesnel referred to in his report. Mr. Quesnel reported that bathrooms, bar sinks, and/or laundry hookups were noted in the last couple of plan checks he performed, but that there were no "full kitchens". According to the District's Ordinances a "full kitchen" would constitute and additional EDU and require a second hookup. Director Freedle added that current CCR's do not allow a second residence on a lot. A second residence would be identified by a "full kitchen". Director Luscher commented that the board "should just be alert to this kind of situation" and "face them as we get to them". Mr. Quesnel stated that the District will continue performing plan checks to verify that no additional dwelling units are being added based on the addition of a "full kitchen".

Comments were made regarding Mr. Quesnel's "Sewage Export Comparison" spreadsheet. Director Bowles noted how the information in the report showed the increase in the amount of water going into the sewer during snow melt, identifying that leaks exist. Mr. Quesnel explained that with a little annotation the report could show that there was more water going into the sewer compared to the amount of water being pumped. It was agreed that the report would be a good informational tool to support the proposed Sewer Lateral Testing Program.

Finally, Mr. Quesnel presented to the Board a document titled "Facilities Use Agreement" that was sent to Mr. Murano of Serene Lakes Property Owners Association (SLPOA) for the proposed use of Lot A behind the Fire Station. Mr. Quesnel reported that Mr. Murano had yet to return a signed agreement. Mr. Murano was not present at the meeting to convey SLPOA's intentions. Some discussion was had regarding the size of the approved space, the location of utility lines, and the responsibility of damage costs. It was agreed that the District would, as their contribution to the project, pay to have the utility lines re-inspected with TV cameras, after SLOPA was finished, to identify any damage that may have been caused to the lines.

B. Leslie & Adeline Wood's Letter to the Board

Mr. Quesnel presented to the board for review and action, a letter, dated June 23, 2009, from Leslie and Adeline Wood, regarding sewer service requirements for a garage addition at 7319 Cascade Road, Soda Springs. The letter asked that the District contribute to the additional costs of having to reconfigure the sewer line because the District failed to inform them that their planned sewer line wouldn't work due to the slope of their lot.

There was discussion as to the District's liability in the matter. Director Luscher stated that the plan check performed by the District "is not a guarantee that the building will stand up" and that "the Designer, Owner and Contractor are responsible for the performance." Mr. Quesnel added that the District's Operations Department had received a request for a drawing of the sewer connection location, a drawing was provided, but no sewer elevation information was included on the drawing. Director Bowles followed up by stating that the District performs a plan check to determine if the District's policies and rules are being followed. It is not the District's responsibility to second guess the contractor or architect and try to re-engineer things. Director Bowles believed that the District did not provide misleading information to the homeowners. Director Oudegeest added that when homeowners come to the District for the "Intent to Serve" letter, plans are already in permit stage and a sewer connection designed. The Board suggested that the homeowners pursue the engineer in this matter. Director Bern summed up the issue saying that the District's responsibility is to provide service, not to build a structure that works.

V. OLD BUSINESS:

A. **President’s Report.**

Director Freedle reported that there was no “President’s Report”. He reported that the “Notice of Public Hearing” for the proposed rate increase letters, and the current year billing had been mailed. Discussion ensued regarding responses to the proposed rate increase. Director Oudegeest reported he had received both e-mail and verbal comments. Director Freedle reported that one complaint letter had been received in the office asking for water meters “so everyone pays their fair share”. It was agreed that Director Freedle would respond to the letter.

B. **Update on Water Rights Permit - Status of Direct Diversion Petition.**

Director Freedle reported that he participated in a teleconference with Paula Whealen, Nick Bonsignore, Elizabeth Ewens, Theresa Chan, Peter Kiel and Bill Quesnel, earlier in the week; at which, a letter from Royal Gorge’s Attorney was discussed. A tentative answer was drafted but, to his knowledge, had not been forwarded as yet. As a result of the teleconference, it was tentatively concluded that a CEQA would be needed for the combination Water Rights Permit extension and the Direct Diversion Petition. Director Freedle stated he would be participating in another meeting, scheduled for Wednesday 7/15/09, with Paula Whealan and Mr. Quesnel, to determine what information was already available and what further studies may be needed to complete the CEQA. A discussion regarding the need and/or type of CEQA took place. Ms. LeBel reminded the Board that a document had been signed stating that the District would provide a CEQA in the EIR (Environmental Impact Review) and that the State hadn’t changed that requirement. Director Freedle responded that the State now requires a much more extensive analysis, for an extension of time request, in order to retain current Water Rights. Mr. Freedle then reported that he had sent background information to Paula Whealen, for review, before the 7/15/09 meeting. Mr. Mike Livak, of Royal Gorge, addressed the Board inquiring about the details in the anticipated letter. Director Bern responded that until the letter is sent by District’s lawyer and “a final decision is made” in terms of responding to Royal Gorge’s attorney, discussion would have to wait until the letter is received.

C. **Update on Well Test Billing to Royal Gorge**

Director Freedle reported that he had not been able to review the Well Test Billing issue with Royal Gorge. He did verify that the information from Mr. Livak, regarding the issue, was received.

D. **Update on Eminent Domain Alternative**

Director Freedle reported that a meeting had not been scheduled as yet but that he would be doing so.

E. **Update on Lot A – Tree Cutting/Thinning by SLPOA – (Discussed Before item B as requested by Director Bern)**

The Board was address by Mrs. Bev Biggar, a resident of Soda Springs, regarding the proposed use of Lot A for SLPOA’s Tree Cutting/Thinning program. She voiced concerns regarding the potential fire hazard and noise that will be generated when the debris is disposed of. Director Luscher explained that the decision to allow SLPOA to use Lot A was made because the overall benefit to the area was greater than a potential, temporary, noise inconvenience and that the issue had been discussed, at great length, at the June 26, 2009 Special Meeting. Director Bowles stated that the debris would be disposed of in one day and that the machine would run for 3 to 4 hours. Mrs. Biggar further stated that the District should have contacted the residents around the dump site to let them know of the proposed plan. Director Oudgeest responded that, “we had to make a decision for the good of the entire community”, that the news that the parking lot would not be available came too late, and SLPOA was forced to make a quick decision. Ms. Cheryl Lebel, also a resident of Soda Springs, voiced her concern that the “dumping” will not stop just because SLPOA’s program ends. She believed that the program should be closed down early due to the small size of the space and that a close watch should be kept on the site. She believed Mr. Murano will do a good job of controlling the site. Director Freedle commented that there was a provision in the “Facilities Use Agreement” that required the program to be closed down when the pile reaches the size of the approved space regardless of the date.

F. Wastewater Plant Upgrade Joint District Committee Report

Director Freedle reported that Jeff Hauser, of Eco:Logic, is in the process of preparing a quote for the facilities study. The quote is expected sometime in the next week, at which time the committee will reconvene to make a decision. In order for all of the SLCWD Board Members to attend the committee meeting, the District will properly post the Notice of the Committee Meeting. Then, in addition to Director Freedle and Director Luscher functioning as part of the Upgrade Committee, the remaining Board Members will be able to attend the meeting, as members of the audience, and provide their input as well.

VI. NEW BUSINESS:

A. No New Business Scheduled

VII. ADMINISTRATION:

A. June 26, 2009 Meeting Follow-Up.

The Follow-up from the June 26, 2009, Board meeting was presented to the Board for review. It was determined that Items 1, 3, 6, 7, 8, 9, 12, 13 and 14 had been completed. Items 2, 4, 5, 10 and 11 would be carried over.

Item 12: Director Freedle reported that, per his discussion with Tom Skjelstad from DSPUD, there was nothing to mediate between DSPUD and Brentwood, the supplier of the ACCUWEB System. And that both parties were open to a continued working relationship if the new facility were to continue with the ACCUWEB System.

B. July 2009 Action Items List

The July 2009 Action Item List was presented to the Board for review. Director Freedle requested that the “Develop Weighted Results of Occupancy Survey” be removed as it was 100% complete.

VIII. FINANCE:

A. Disbursements Requiring Board Approval.

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

Acumen Engineering	\$16,290.00
June Professional Services	
Dated 7/1/09	
Lund Construction	<u>\$121,605.64</u>
Inv# 11849	
Dated 6/30/09	
Total	\$137,895.64

A motion was made by Director Luscher and seconded by Director Oudegeest “to approve the disbursements.” The motion passed on a unanimous vote.

B. Financial Reports June 2009

1. The Operating Budget-to-Actual report for June 2009 was presented to and reviewed by the Board. Negative expense amounts were noted and explained. Director Luscher questioned the overage in Wastewater Export Expense. It was identified that the District’s portion of the down payment for DSPUD’s front end loader was misclassified and should be reclassified as a Non-Operating Expense.

2. The Operating Budget-to-Actual report for July 2008 through June 2009 was presented to and reviewed by the Board. Director Luscher questioned a couple of budget items. First, 9812 – Spot repairs, had a budget of \$43,125 and only \$326 spent. Second, the 08-09 Budget allocation between accounts 9205 – Water Dist. – Electricity and 9306 – Wastewater – Electricity, appeared to be incorrect; one was considerably under budget and the other considerably over budget. Mr. Quesnel believed that the Spot

repair costs were appropriately capitalized. Mr. Quesnel stated that the Budget Allocation for Electricity would be reviewed.

3. The 2008/09 Capital Projects Budget for July 2008 through June, 2009 was presented to and reviewed by the Board.

4. The 12-Month Cash Flow Projection for June 2009 to May 2010 was presented and reviewed by the Board. Director Freedle commented that costs associated with the upcoming Plant Upgrade/Expansion had not been factored in as they are unknown at this time.

Director Bern opened a discussion regarding the future drawdown of the Bank of the West Line of Credit and the covenant requirement to collect service fees covering the Operating Budget plus 1.15% of the District's Parity Debt. Director Oudegeest suggested that a Public Campaign be initiated, to keep the public informed, of upcoming significant events that would result in future rate increases. Director Bowles suggested that the campaign be started after more definitive cost information became available for the plant upgrade/expansion.

Director Oudegeest inquired as to how Director Bern convinced Bank of the West to include Property Taxes as additional Revenue. Director Bern summarized his discussion with the bank and reported that the bank agreed to include Property Taxes as Revenue; that if the District's rates fail to cover Operating Expenses plus 1.15% of Parity Debt the District would have a 6 month cure period to correct the shortage; and that the bank had received all needed approvals for the proposed changes, but that the bank was waiting for the District to draft an amended agreement with the language changes. Director Freedle agreed to draft an amended agreement.

5. The Three Year Cash Flow Projection for FY 2009/2010 to FY 2011/2012 was presented and reviewed by the Board. Director Freedle reemphasized that the Cash Flow Projections did not reflect the plant upgrade/expansion.

IX. CLOSED SESSION:

A motion was made by Director Luscher and seconded by Director Bowles “to move the meeting into closed session” at 7:55 p.m. The motion passed on a unanimous vote.

Personnel – All Employees (California Government Code Section 54957).

Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9.

OPEN SESSION:

A motion was made by Director Bowles and seconded by Director Bern “to move the meeting into Open Session” at 9:00 p.m. The motion passed on a unanimous vote.

Director Freedle reported that “the Board provided direction to staff.”

The next Board meeting was set for August 14, 2009 at 5:00 p.m.

ADJOURNMENT:

A motion was made by Director Bern and seconded by Director Luscher “to adjourn the meeting” at 9:05 p.m. The motion passed on a unanimous vote.

Financial Consultant

APPROVED BY:

President