

APPROVED 8/8/08

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

July 11, 2008

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:04 p.m., Friday, July 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 not present. Staff members present were Bill Quesnel and Dianna Smith. The guests present were Kathy Neuburger, Tom Burns, Fran Freedle, Bernard Pech, Linda Waddle, Amber Waddle, Leroy Waddle, Peter Wiley, Al LeBel, Cheryl LeBel, Lorrie Poch, Jim Biggar, Beverly Biggar, Carole Raisbeck, Tamara Miller, Joe Gray, and Katie Gray.

APPROVAL OF AGENDA:

The Agenda for the July 11, 2008 meeting was presented to the Board for approval. Quesnel stated he had five contracts to present to the Board for award of contract, not just Holdredge & Kull. Bowles stated he would like to discuss the preparedness of the District in regard to the recent wild fires and requested Quesnel to report on it during his Operations Report. Oudegeest requested to add Item V.D. – Update on Eminent Domain to the Agenda.

A motion was made by Luscher and seconded by Bowles to approve the July 11, 2008 Agenda, as amended. The motion passed on the following four to zero vote: Ayes: Freedle, Luscher, Bowles, and Oudegeest. Noes: None. Absent: Bern. Abstention: None.

PUBLIC FORUM:

There was no public comment.

CONSENT ITEMS CALENDAR:

The Consent Items Calendar which included the June 2008 Check Register and the Minutes of June 13, 2008 was presented to the Board for review and approval.

Luscher requested removal of the June 13, 2008 Minutes from the Consent Items Calendar for discussion. The Board directed Smith to review the June 13th, 2008 meeting tapes for clarification on Luscher's comments.

A motion was made by Bowles and seconded by Luscher to approve the Minutes of June 13, 2008, as amended. The motion passed on the following three to zero vote: Ayes: Freedle, Luscher, and Bowles. Noes: None. Absent: Bern. Abstention: Oudegeest.

A motion was made by Luscher and seconded by Bowles to approve the June 2008 Check Register. The motion passed on the following four to zero vote with one abstention: Ayes: Freedle, Luscher, Oudegeest and Bowles. Noes: None. Absent: Bern. Abstention: None.

OPERATIONS:

Operations Report from Bill Quesnel.

Quesnel's June 2008 Operations and Maintenance Report dated July 6, 2008 was presented to the Board for review. Oudegeest congratulated staff on the inspection performed by ACWA/JPIA recently wherein it was reported that the District's above ground infrastructure was in the best shape they had ever seen.

Quesnel reported on the District's preparedness in regard to the recent wild fires. He stated that staff was keeping the water tanks full; the emergency generators were being kept full of fuel and tested weekly; the public address systems in the District vehicles were reviewed and tested by staff; and Quesnel was to be notified by the Fire Department if something was to happen which he would forward to Oudegeest for posting on the web site. The Board directed Quesnel to inquire with Truckee Fire if the District was included in their Reverse 911 procedure and to set up a procedure for them to contact the on-call staff at times of emergencies.

Status of District Wells.

Quesnel's July 6, 2008 Memorandum regarding Operation of Filter Plant with Well Water was presented to the Board for review. Quesnel reported Freedle had asked him to look into the feasibility of treating the water from the stand-by wells and what the cost would be to get them online and running up to California State Standards. Quesnel asked the Board for direction.

There was discussion as to the status of the wells. The Board concluded that the wells were considered a very temporary emergency back-up source.

Award Construction Projects.

Quesnel's July 6, 2008 Memorandum regarding 2008 Construction Contracts, and his July 9, 2008 Memorandum regarding Award of Construction Contracts were presented to the Board for review and consideration.

Director Martin Bern joined the meeting by telephone from 580 Lommel Road, Calistoga, California at 5:33 p.m.

There was discussion regarding the proposed projects.

Project 2008-01 Replacement of Water Mains and Laterals.

A motion was made by Luscher and seconded by Bowles to award Project 2008-01 to Petersen Construction in the amount of \$614,672; to authorize the Board President to execute the contract; and authorize the Operations Manager to approve change orders up to 5% of the contract price for unanticipated conditions. The motion passed unanimously on the following roll call vote of five to zero: Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Project 2008-02 Sewer Mainline Replacement.

A motion was made by Luscher and seconded by Bowles to award Project 2008-02 to Hansen Brothers in the amount of \$178,443; to authorize the Board President to execute the contract; and to authorize the Operations Manager to approve change orders up to 10% of the contract price for unanticipated conditions. The motion passed unanimously on the following roll call vote of five to zero: Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Project 2008-03 Fire Hydrant Replacment.

A motion was made by Luscher and seconded by Bowles to award Project 2008-03 to Deals Excavating in the amount of \$41,800; to authorize the Board President to execute the contract; and to authorize the Operations Manager to approve change orders up to 10% of the contract price for unanticipated conditions. The motion passed unanimously on the following roll call vote of five to zero: Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Project 2008-04 Adjust Manholes and Valve Boxes.

A motion was made by Luscher and seconded by Bowles to award Project 2008-04 to Petersen Construction in the amount of \$12,400; to authorize the Board President to execute the contract; and to authorize the Operations Manager to approve change orders up to 20% of the contract price for unanticipated conditions. The motion passed unanimously on the following roll call vote of five to zero: Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Holdredge & Kull for Materials Testing Services.

The July 9, 2008 Letter from Holdredge & Kull regarding Proposal for Earthwork Observation and Materials Testing Services was presented to the Board for review and consideration.

A motion was made by Luscher and seconded by Bowles to award the contract for Materials Testing and Construction Services to Holdredge & Kull in the amount of \$40,000; to authorize the Board President to execute the contract; and to authorize the Operations Manager to approve change orders up to 10% of the contract price for unanticipated testing and related services. The motion passed unanimously on the following roll call vote of five to zero: Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

OLD BUSINESS:

President's Report.

Freedle's July 2, 2008 President's Report for July was presented to and reviewed by the Board.

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

Freedle reported the costs for the well tests had been reconciled and the final billing has been sent to Royal Gorge. He stated this completes and concludes the cost and billing detail for the well testing. The North Fork Assessment was anticipated to be received by Royal Gorge next week; which they will share with the District. He reported the dam overflow stopped on July 2nd or 3rd, and that the District was expecting a final assessment of total flow through the lakes by CDM in the next week or two.

Water Rights Complaint (31-39-01) of Le Bel regarding Diversions of Water by Sierra Lakes County Water District from Ice Lakes in Placer County.

The June 12, 2008 State Water Resources Control Board Water Rights Complaint (31-39-01) of Le Bel Regarding Diversions of Water by Sierra Lakes County Water District from Ice Lakes in Placer County was presented to the Board for review and consideration.

Response to Al Le Bel's Complaint (31-39-01).

The June 24, 2008 Letter from Ellison, Schneider & Harris, LLP regarding the Water Rights Complaint of Al Le Bel (LJV:262.0 (31-39-01) & A20601) and Answer to Complaint of Al Le Bel were presented to the Board for review and consideration.

Freedle reported the District was waiting for the State Water Resources Control Board's response and that staff would be releasing any measured inflow into the lakes on a weekly basis.

Eminent Domain.

Bern reported that no response from the Law offices of Belzar & Carr has been received. The Board concurred Bern would look into replacement Counsel for the eminent domain on the lake bottom parcel.

NEW BUSINESS:

Proposed Mileage Reimbursement Rate Increase.

The July 2, 2008 CSDA e-News regarding IRS Increased Mileage Rates through December 31, 2008 was presented to the Board for review and consideration.

A motion was made by Luscher and seconded by Bowles to approve the mileage reimbursement rate as of July 1, 2008 to \$.585 cents per mile. The motion passed

unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

ADMINISTRATION:

June 13, 2008 Meeting Follow-Up.

The Follow-up from the June 13, 2008 Board meeting was presented to the Board for review. The following was noted:

- Freedle and Quesnel prepared a newsletter to notice property owners of the new billing cycle, the upcoming board election, and the District’s planned summer construction projects.
- Freedle prepared and forwarded a contract with Mary Hall to extend the District’s hydrological model and water supply study for an initial amount of \$5,500.00.
- Smith advised DSPUD of a possible Board mixer date of July 13, 2008 at 12:00 p.m.

June 2008 Action Items List.

The June 2008 Action Items List was presented to and reviewed by the Board .

FINANCE:

Disbursements Requiring Board Approval.

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

Acumen Engineering	\$15,802.46
June Professional Services	
Dated 7/1/2008	
Mountain Pipeline	\$1,312.50
Dated 7/8/2008	
Judy Vanderwood	<u>\$4,600.00</u>
June Professional Services	
Dated July 8, 2008	
Total	\$21,714.96

A motion was made by Luscher and seconded by Bowles to approve the above disbursements requiring Board approval in the amount of \$21,714.96. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Proposed Draw on Line of Credit.

Freedle reported this matter should be heard after the Financial Reports and Approval of the 2008/09 Operating Budget. The Board concurred to continue this matter until after review of the Financial Reports.

Financial Reports June 2008.

Freedle's July 8, 2008 Memorandum regarding Monthly and Year-to-Date Operating Expense Variance Analysis for June 2008 was presented to the Board for review.

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

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

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

The July 11, 2008 Cash Flow Forecast Summary as of June 2008 was presented to the Board for review.

Proposed Draw on Line of Credit.

Freedle reported there are current contractual loan requirements which state the District is obligated to maintain just under a million dollars in reserve. Looking at the July 2008 Cash Flow Projection Summary at the end of August 2008 the cash balance will be five hundred eighty six thousand (\$586,000); well below the contractual requirement. Freedle also reported that there needed to be three hundred thousand to four hundred thousand (\$300,000 to \$400,000) in working capital. Freedle recommended that the Board take a two million draw on the line of credit.

A motion was made by Luscher and seconded by Bowles for Sierra Lakes County Water District to draw two million dollars(\$2,000,000.00) on the line of credit in August. The motion passed unanimously on the following roll call vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Ratification of June 2008 Transfer of Funds from Capital Reserve to Operating Fund.

Freedle reported the monies that have been set aside for water and sewer infrastructure capital replacement from the 2007/08 sale of water and sewer connection permits needed to be transferred into the capital expenditure fund.

A motion was made by Oudegeest and seconded by Luscher to transfer the entire balance of funds accumulated from the 2007/08 Capital Reserve for water and sewer

replacement to the capital expenditure fund. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Approved Salary Schedule for 2008/09 Budget.

The July 1, 2008 Salary Schedule for 2008/09 Budget was presented to the Board for review and approval.

A motion was made by Oudegeest and seconded by Bowles to approve the Salary Schedule for 2008/09 budget, as presented. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Adoption of 2008/09 Operating Budget.

Freedle's July 2, 2008 Memorandum regarding Adoption of the 2008/09 Budget for Operations, Capital Expenditures, and Finance Planning; the Proposed Operating Cost Budget for 2008/09; and the Three Year Forecast for Fiscal Years 2008/09 – 2010/11 for the 2008/09 Budget were presented to the Board for review.

A motion was made by Luscher and seconded by Oudegeest to approve the proposed 2008/09 Operating Budget, as presented. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

RECESS:

A motion was made by Luscher and seconded by Bowles to recess the regular meeting of the Sierra Lakes County Water District Board at 7.25 p.m. in order for the Board of the Sierra Lakes County Water District Financing Corporation to convene. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstain: None.

RECONVENANCE:

A motion was made by Bowles and seconded by Luscher to reconvene the regular meeting of the Sierra Lakes County Water District Board at 7:28 p.m. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

CLOSED SESSION:

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

A motion was made by Oudegeest and seconded by Luscher to move the meeting into Closed Session at 7:29 p.m. The motion passed unanimously on the following vote

of five to zero. Ayes: Freedle, Luscher, Bowles, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None.

OPEN SESSION:

A motion was made by Bern and seconded by Luscher to move the meeting into open session at 8:33 p.m. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Freedle reported no action was taken in closed session.

ADJOURNMENT:

A motion was made by Bowles and seconded by Oudegeest to adjourn the meeting at 8:34 p.m. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Luscher, Bowles, Bern, and Oudegeest. Noes: None. Absent: None. Abstain: None.

Administrative Specialist II

APPROVED BY:

President