

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

August 8, 2008

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:00 p.m., Friday, August 8, 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, Martin Bern, Ulrich Luscher, and Bill Oudegeest . Staff member Dianna Smith was present. The guests present were Ed Bubnis, Tom Burns, Bernard Pech, Joan Pech, Linda Waddle, Al Le Bel, Cheryl Le Bel, Katie Gray, and Joe Gray.

PUBLIC FORUM:

Guest Katie Gray reported that on July 10, 2008 at the Placer County Planning Commission meeting dealing with Royal Gorge's Conditional Use Permit for bulk water sale, a question had come up regarding their consideration to pump Rainbow Springs water up to their proposed project in Serene Lakes. Gray stated that Attorney Randall Faccinto of Stoel Rives, legal counsel for Royal Gorge, stated multiple times that the proposal would not be pursued.

Luscher reported that the letter from John Haaf of ACWA/JPIA, reporting on his visit to the District, was very complimentary and commented on the District's low claims on all its policies.

Oudegeest questioned who made and when the decision was made to only bill once for the month of January. He stated he had received many complaints from the community in regard to the fact it is due at Christmas time and does not provide the option to pay in two installments. Luscher stated it was adopted two months ago. Freedle reported the purpose was to reduce the amount of administrative processing. Bern reported this was talked about at a prior meeting and that the first installment payment was moved to a later date. If someone wanted to send the first payment in, they could take that money and put it into a bank account, pay us later and earn a little interest on it. Luscher stated he had made a motion to keep the two installment payments at the public hearing on June 13, 2008, but the motion failed for lack of a second. Luscher stated he supported Oudegeest and would like to have this option reconsidered.

Bowles reported that there has been significant discussion and pressure from the community about the District keeping the service rates as low as possible, and that adopting practices that would reduce our administrative costs is consistent with the feedback from the community. Guest Tom Burns reported that at the public hearing several people had questioned the decision and when it was explained to them, they went away happy. Burns stated there needed to be an explanation and information supplied to the community. The Board concurred Freedle and Bern would provide an explanation to be included with the billing in October.

Oudegeest stated he had comments on the District's practice of letting water out of the lake. He stated last year the District released the water at the end of the season and this year the water is being released as it comes in on a weekly basis. The water being released just goes into the ground and evaporates. He knew the water permit says we cannot hold it, but it does not say when it had to be released. He was concerned that the water was not being utilized downstream. Bern stated that this matter will be addressed by the State Water Resources Control Board who will be doing an inspection within a couple months. Oudegeest stated he had seen water in the creek downstream of the dam.

CONSENT ITEMS CALENDAR:

The Consent Items Calendar was presented to the Board for review and approval.

Oudegeest requested removal of the July 11, 2008 Minutes from the Consent Items Calendar for discussion. The Board directed Smith to review the July 11th, 2008 meeting tapes for clarification on Oudegeest's comments.

A motion was made by Luscher and seconded by Bowles to approve the Minutes of July 11, 2008, as amended; the July 2008 Check Register; and new vendors: Evergreen Carpet Care, FNW Engineers, Gerlinger Steel & Supply Company, North Lake Tahoe Fire Protection District, and Summit Restaurant. The motion passed on the following unanimous vote of five to zero: Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None.

OPERATIONS:

Operations Report from Bill Quesnel.

Quesnel's July 2008 Operations and Maintenance Report dated July 29, 2008 was presented to and reviewed by the Board.

Progress Report on 2008 Construction Projects.

The 2008 Construction Project Update – August 6, 2008 was presented to and reviewed by the Board.

Possibility of Relocating/Extending Lake Intake Pipe.

Quesnel's July 28, 2008 Memorandum regarding Lake Intake was presented to and reviewed by the Board. The Board concurred the District should wait until it had ownership of the lake bottom before considering moving the intake pipe.

Contract Award for Building Improvement Projects.

Quesnel's July 28, 2008 Memorandum regarding 2008 Building Improvement Projects was presented to and reviewed by the Board. Freedle reported Quesnel had informed him that John Longo Construction was already doing some construction projects for the District this summer and would be willing to add the building improvement projects. The Board concurred with Quesnel.

OLD BUSINESS:

President's Report.

Freedle's July 31, 2008 President's Report for August was presented to and reviewed by the Board.

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

Freedle reported the District received a report from Mike Livak that they were waiting for the Biological Survey of the North Fork. The District had received the CDM study for Serene Lakes Outflow Monitoring 2007-08 Final Report which will be added to next month's Agenda.

Eminent Domain – Status Update.

Bern reported Attorney Steve Belzer with the Law Offices of Belzer & Carr was removed as District counsel. Belzer had refunded his fees and forwarded his file to the District.

Possible Hire of Eminent Domain Lawyer.

Bern reported that he had received referrals for eminent domain attorneys and had received two proposals. Freedle reported he wanted to make sure the District specified exactly what the District wants from the attorney.

A motion was made by Luscher and seconded by Oudegeest to authorize the legal sub-committee to negotiate a contract with Stacey Sheston of McDonough, Holland & Allen PC. The motion passed on the following unanimous vote of five to zero: Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Review of Water Rights Permit Status.

Freedle reported that during the 2008/09 budget discussion the expected legal and environmental costs to prepare the EIR within the CEQA process to renew the District's water rights permit could be as high as \$318,000. As a result, the legal sub-committee looked into the alternative to extending the water rights permit, which would be to finalize it or 'go to license'. Extension of the permit merely extends the terms of the permit for another ten years and would require a CEQA review, which may require an EIR. Finalization of the permit would not require CEQA process. Going to License on the permit would finalize ownership of the water to the District.

Bern reported the permit is permission for the District to use the water, whereas a license is ownership of that water. If the District does not use the permitted amount of water over a period of time, the State can take away the right to any additional usage of water. The license would be for the maximum amount of water used for the permitting

period. There is no guarantee of the amount of water the State Water Resources Control Board would be willing to set, which the District could accept or not accept. Bern reported the hydrological study needed to be completed and some more information needed to be compiled with legal counsel to determine if the District should go to license with the permit or extend it again.

NEW BUSINESS:

Letter from Joseph Gray dated July 26, 2008 re: Wildfire Fuel Reduction.

The July 26, 2008 letter from property owner Mr. Joseph Gray regarding wildfire fuel reduction was presented to and reviewed by the Board. There was discussion as to whether the District has the power to tell people to clean up their land in order to protect the water. Freedle reported this has never been brought up before. Bern stated he did not believe the District had that authority, but the CC&R's had the authority as a nuisance issue.

Guest Joe Gray suggested the District could notify the landowners of the threat and put pressure on them to help protect the water supply, including Royal Gorge and the Federal Government. Guest Tom Burns reported there needs to be more information available to the public. Bowles suggested the District inquire with the Forest Service to find out what the community could do to help them contain a wildfire if one was imminent. The Board concurred Bowles and Luscher would investigate into the options of how to approach the landowners and to prepare a letter requesting the issue be addressed.

California Special Districts Association (CSDA) 2008 Board Elections.

The California Special Districts Association 2008 Board Elections was presented to the Board for review and consideration.

A motion was made by Luscher and seconded by Bowles to authorize the Board President to nominate incumbent Peter J. Kampa for the 2008 CSDA Board. The motion passed on the following unanimous vote of five to zero: Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Placer County Water Agency's (PCWA) Region Two August 28, 2008 Board Meeting at Tahoe City PUD 221 Fairway Drive, Tahoe City at 2:00 p.m.

Freedle reported Placer County Water Agency was having their August meeting in Tahoe City at 2:00 p.m. on August 28, 2008 at the Tahoe City Public Utility District, and they have asked him to report on the District's water supply study and the effects of the ice on the water supply. Luscher and Bowles stated they would try to attend.

ADMINISTRATION:

July 11, 2008 Meeting Follow-Up.

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

- Bern looked into alternative Counsel other than Law offices of Belzar & Carr in regard to acquisition of lake bottom parcel.
- Smith reviewed June 13, 2008 meeting tapes to amend comments noted by Luscher.
- Quesnel forwarded the Consumer Confidence Report to Bill Oudegeest for posting to website.
- Freedle proceeded to execute the documents for a draw on the District's line of credit with Bank of the West, in the amount of \$2,000,000 at an interim interest rate of 3.85%.
- Quesnel inquired of Truckee Fire if the District was in their Reverse 911 operation and set up a procedure to notify the on-call staff.
- Quesnel made sure that the hatches at the sewer pump stations were locked.
- Quesnel researched extending the lake intake and how it is affected by the limits of the easement on the lake bottom parcel.

July 2008 Action Items List.

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

2007/08 Fiscal Audit Scheduled for August 11-13, 2008.

Freedle reported the 2007/08 fiscal audit was scheduled for August 11 through 13, 2008, next week.

FINANCE:

Disbursements Requiring Board Approval.

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

Acumen Engineering	\$12,233.92
July Professional Services	
Dated August 3, 2008	
Ellison, Schneider & Harris	\$3,742.10
June Legal Services	
Dated June 30, 2008	
Judy Vanderwood	<u>\$6,300.00</u>
July Professional Services	
Dated August 6, 2008	

Total \$22,276.02

A motion was made by Luscher and seconded by Oudegeest to approve the above disbursements requiring Board approval in the amount of \$22,276.02. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Bowles, Bern, Luscher and Oudegeest. Noes: None. Absent: None. Abstention: None.

Financial Reports July 2008.

The Operating Expense Budget-to-Actual for July, 2008 was presented to and reviewed by the Board. Freedle noted that Placer County Department of Public Works had paid their share of the utilities for the rental of the garage bay, which were reflected as credits to the various accounts

The Capital Expenditure Budget vs Actual for July 2008 was presented to and reviewed by the Board.

The August 2008 Cash Flow Forecast Summary as of July 31, 2008 was presented to and reviewed by the Board.

ADJOURNMENT:

A motion was made by Luscher and seconded by Bern to adjourn the meeting at 7:23 p.m. The motion passed unanimously on the following vote of five to zero. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Administrative Specialist II

APPROVED BY:

President