

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

September 7, 2007

The Board of Directors of Sierra Lakes County Water District met in special session at the hour of 5:32 p.m., Friday, September 7, 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 Bern was present by telephone from 580 Lommel Road, Calistoga, California. Staff members present were Bill Quesnel, Judy Sieczkowski, and Dianna Smith. The guests present were George Spencer, Tim Randolph, and Bernard Pech. Mike Livak was present for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the September 7, 2007 meeting was presented to the Board for approval.

A motion was made by Luscher and seconded by Bowles to approve the September 7, 2007 Agenda. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

Homeowner Timothy Randolph of 2137 Donner Drive addressed the Board as to construction of his neighbor's new house encroaching on his property. Randolph stated he had contacted staff in regard to their water meter being installed on his property, the drainage ditch along the property line has been obstructed by rocks and debris being thrown into it, erosion of his vegetation, and construction debris being placed on his property.

The Board directed Quesnel to follow up with Randolph as to these issues.

Livak confirmed Royal Gorge had received Freedle's September 4, 2007 letter regarding the requirement of Paragraph 19 of the Technical Studies Reimbursement Agreement, which requires Royal Gorge to provide the District advance notice of and a reasonable opportunity to participate in Royal Gorge's and its agents' communications with regulatory agencies regarding substantive matters associated in any way with the District's permits and approvals. Livak stated Royal Gorge would comply with that requirement.

Freedle reported that District Engineer Jeff Hauser with Eco:Logic had moved to North Carolina and would still be working for Eco:Logic. The Board directed Quesnel to

contact Eco:Logic regarding Hauser's move to North Carolina and how District business would be completed from North Carolina, or if an adequate substitute engineer would be appropriate.

CONSENT ITEMS CALENDAR:

Oudegeest requested the July 13, 2007 Minutes be removed from the Consent Items Calendar as he wished to discuss them.

A motion was made by Oudegeest and seconded by Luscher for Smith to develop further detail in the July 13, 2007 Minutes. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: Bern. Absent: None. Abstention: None. The motion passed.

A motion was made by Oudegeest and seconded by Luscher to approve the remaining Consent Items which included the August 2007 Check Register, the August 10, 2007 Minutes, and new vendors USA Plastics Corp. and State Water Board Accounting Office. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

Quesnel's August 31, 2007 Operations and Maintenance Report for August 2007 was presented to the Board for review. Bowles questioned the corrosion of the saddle connection of the District laterals. Quesnel reported the water service laterals were galvanized steel or copper and that A/C pipe was used for the water mains. Because they were different metals, corrosion at the saddle was highly likely. There was also an issue with grounding of homes to laterals. Quesnel would research to see if there was a way to easily identify who was grounded to the laterals. Quesnel stated he has received bids for a combination vacuum/hydroflush truck and they were all over the budget amount forecasted.

The Board directed Quesnel to compile performance specifications for a vacuum/hydroflush truck and solicit formal bids, research finance options, and inquire if Donner Summit Public Utility District would be interested in renting the unit from the District.

Award Contract Bids – 2 Contracts.

Quesnel's August 31, 2007 Memorandum regarding Award of Construction Contract was presented to the Board for review and consideration. Quesnel reported there were two construction contracts that he was requesting to be approved by the Board. The first contract was to replace approximately six hundred feet (600') of failing sewer gravity main on Lake Drive near Hemlock – Project 07-005. The low bid for Project 07-005 came from Herb Suter Construction in the amount of \$105,320.00.

The second contract was with Holdrege & Kull to perform the compaction testing of the backfill and aggregate base on the sewer gravity main replacement project on Lake near Hemlock.

A motion was made by Oudegeest and seconded by Luscher to adopt Quesnel's recommendation to award contract 007-005 to Herb Suter Construction for an amount of \$105,320.00 with the approval for Quesnel to authorize up to 5% of the contract price for contract changes. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

A motion was made by Luscher and seconded by Oudegeest to accept the proposal from Holdrege & Kull for earthwork observations in the amount of \$7,300 with approval for Quesnel to authorize up to 5% of the contract price for contract changes. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Contract Amendment – JDH Corrosion Consultants.

Quesnel's September 5, 2007 Memorandum regarding Contract Amendment with JDH Corrosion Consultants was presented to the Board for review and consideration. Quesnel reported JDH would like to take seven samples of the A/C water main pipe to get a handle on where the leaching of the cement is occurring. Freedle reported the oldest and most needed pipe replacement areas would be in Ice Lakes Unit 1, Ice Lakes Unit 2, and Serene Lakes Unit 2. Luscher requested that JDH forecast the mean-time-to-failure of the pipes. The Board concurred units Serene 5 and 6 would not need to be tested as they were newer installations with different laterals and lower groundwater table.

A motion was made by Luscher and seconded by Oudegeest to approve the contract amendment with JDH Corrosion Consultants to perform the second phase of the A/C water main pipe evaluation study for an amount not to exceed \$26,040.00 with the approval for Quesnel to authorize up to 10% of the contract price for additional studies. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

OLD BUSINESS:

President's Report.

The September 1, 2007 President's Report was presented to and reviewed by the Board.

Construction-in-Progress.

The August 31, 2007 Construction-in-Progress Log was presented to and reviewed by the Board.

212 Quincy – Defaulted Building Permit.

Smith reported 212 Quincy, LLC had defaulted on renewing their building permit for K 1 IL2 which was issued in 2005. The Board directed Smith to revoke the sewer/water connection permit for 212 Quincy – K 1 IL2, and to refund their connection fees less 10% administrative costs.

Update on Reimbursement Agreement with Royal Gorge for Lake Studies.

The September 6, 2007 Technical Studies Log was presented to the Board for review. The Board discussed the various tasks for the lake studies. Freedle noted the geotechnical dredging assessment task had been referred to NorCal Geophysical to perform a ground penetrating radar assessment of the lake bottom that would work in shallow water. Freedle stated regardless of the technical considerations, the District would be reviewing this and approve the protocol before anything is undertaken, including the radar.

Luscher stated the staff gauge should not be installed at the dam and suggested that the staff gauge be installed twenty feet (20') to forty feet (40') upstream of the dam. Quesnel stated the gauge was going to measure the volume of water flowing over the dam. Quesnel stated there would be two pieces installed for the gauge. One piece would be on one of the abutments from two feet above the crest of the dam to one foot below the crest of the dam, with the zero mark being at the crest of the dam. The second piece of the gauge would be placed on the face of the abutment installed starting at one foot below the spillway crest and go down to the ground. Quesnel stated they had decided on this installation based on conversations with Steve Seville of Jones & Stokes, Mary Hall, and the dam safety inspector. The Board agreed that would be adequate.

The Board directed Quesnel to contact Steve Seville with Jones & Stokes to follow-up with the bathymetric data and hydrologic results of lake outflow during May and June 2007 and report back to the Board.

Update on Petition to Placer County to Conduct District Hydrology Study.

Freedle's August 22, 2007 Letter to Placer County Planning regarding Royal Gorge/Foster-Syme Specific Plan; Water Assessment was presented to and reviewed by the Board. Freedle and Bern noted that Royal Gorge had sent a letter to Placer County responding to the District's letter. The Board directed Smith to obtain and provide a copy of Royal Gorge's letter to the Board.

Board Mixer with Donner Summit Public Utility District.

Freedle reported the dates the District gave to Donner Summit Public Utility District were not good dates for them to get together. Freedle stated Skjelstad would get back to the Board with new potential mixer dates.

NEW BUSINESS:

August 13, 2007 Letter from Mr. David Ryan re: Royal Gorge, LLC's Request for Water and Lake Dredging.

The August 13, 2007 Letter from Mr. David Ryan regarding Royal Gorge, LLC's Request for Water and Lake Dredging was presented to the Board for review and consideration.

August 21, 2007 Letter from Kathryn Gray re: Problems Caused by Potential Alterations to the Serene Lakes.

The August 21, 2007 Letter from Mrs. Kathryn Gray regarding Problems Caused by Potential Alterations to the Serene Lakes was presented to the Board for review and consideration.

The Board concurred Freedle would respond to Mr. Ryan and Kathryn Gray stating the District takes their concerns seriously and the District appreciated homeowners' concerns and comments on the subject.

CSDA Board Elections.

The California Special Districts Association Board 2007 Elections was presented to the Board for consideration.

A motion was made by Bowles and seconded by Luscher to vote for David Edwards for CSDA Board of Directors. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

ACWA Region 3 Election for 2008-09 Term.

The Association of California Water Association Official Region 3 Board Ballot 2008-2009 Term was presented to the Board for consideration.

A motion was made by Bowles and seconded by Oudegeest to concur with the Region 3 Nominating Committee's recommended slate as presented. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Vegetation Growth in Culverts under Road at Channel to the Dam.

Bowles reported the vegetation downstream of the culverts under the road at the channel to the dam was getting very dense and could possibly obstruct the flow of the lake water to the dam. The Board directed Quesnel to contact Placer County Department of Works to have them remove the vegetation.

Director Bern left the meeting at 8:57 p.m.

ADMINISTRATION:

August 10, 2007 Meeting Follow-up and August 1, 2007 Action Items List.

The August 10, 2007 Meeting Follow-up and the August 2007 Action Items List were presented to and reviewed by the Board. The following items were noted:

- Quesnel developed and placed no swimming, no dogs allowed in lake, etc. signs at strategic points of entry to Lake Serena.
- Smith sent letters to the 10 property owners requesting extensions to obtain their building permits, notifying them that the Board granted 90-day extensions to all.
- Bern and Smith sent letters to the property owners on the prior waiting list who failed to secure a water/sewer connection and are now requesting to be placed again on a waiting list for future connections, advising that there is no new waiting list and that a public notice will be sent to all vacant lot owners if/when a new waiting list is established.
- Staff obtained from Steve Seville/Jones & Stokes the original source data to be used as part of the bathymetric study.
- Staff obtained the final program specifications defining the underwater configuration of the Lakes and the volume of water they hold at 100% capacity (when the water is at the lip of the dam spillway).
- Freedle and Bern forwarded the letter prepared by Tony Rossmann in regard to lead agency status for the Royal Gorge project to Michael Johnson, Planning Director with Placer County.
- Quesnel and Smith sent a letter to Granite Construction advising that the Board denied its request to purchase water.
- Bern and Smith contacted Jones & Stokes requesting justification for the cost overrun on Task 1 of their proposal dated January 31, 2007.
- Luscher and Sieczkowski drafted a bill insert notice to inform property owners that the District tax rate was increased \$.02 in order to retire the water bond debt after the 07/08 tax billing.

Ordinance No. 79 – Concerning Lake Water Service.

Ordinance No. 79 – Concerning Lake Water Service was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Oudegeest to adopt Ordinance No. 79. The motion passed unanimously by the following roll call vote: Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None.

Appreciation for Sieczkowski on her Retirement.

The Board recognized Sieczkowski for her excellent work and dedication to the District over the years she has worked, and each Director commended her personally.

FINANCE:

DISBURSEMENTS REQUIRING BOARD APPROVAL:

Acumen Engineering Company.

The August 31, 2007 Invoice No. 10 in the amount of \$12,429.13 from Acumen Engineering Company was presented to the Board for review and approval.

Custom Electric.

Custom Electric's August 31, 2007 Invoice No. 5269 in the amount of \$9,448.34 was presented to the Board for review and approval.

Ellison, Schneider & Harris, LLP.

Ellison, Schneider & Harris, LLP's Invoice July 31, 2007 for legal services in the amount of \$4,628.00 was presented to the Board for review and approval.

Jones & Stokes.

Jones & Stokes Invoices for August 2007 consulting services in the amount of \$9,167.50 was presented to the Board for review and approval. Smith reported the over billing on Task One was actually to be applied toward Task Two. Smith stated she had contacted the billing clerk with Jones and Stokes and was informed that when they had set up their billing for the District, they used the contract basis that the contract was not to exceed \$55,000.00 and that it was not set up by Task Schedules.

Law Offices of Belzer & Carr.

The August 14, 2007 Invoice #3364 from the Law Offices of Belzer & Carr in the amount of \$327.44 for their July professional services was presented to the Board for review and approval.

A motion was made by Bowles and seconded by Oudegeest to approve the above disbursements requiring board approval. Ayes: Freedle, Bowles, Luscher, and Oudegeest. Noes: None. Absent: Bern. Abstain: None. The motion passed unanimously.

Director Bern joined the meeting by telephone from his cell phone at 9:12 p.m.

Revised 2007/08 Operating and Capital Budgets.

The September 5, 2007 Revised 2007/08 Operating and Capital Budgets were presented to the Board for review and approval.

A motion was made by Luscher and seconded by Oudegeest to approve the September 5, 2007 Amended Operating and Capital Budgets. Ayes: Freedle, Bowles,

Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Operating Expense Budget vs Actual Year-to-Date.

The 07/08 Operating Expenses Budget vs Actual Year-to-Date was presented to the Board for review.

Operating Expense Budget vs Actual (August).

The August 2007 Operating Expense Budget vs Actual Report was presented to and reviewed by the Board.

A motion was made by Oudegeest and seconded by Bowles to move the meeting into Closed Session at 9:37 p.m. Ayes: Freedle, Bowles, Luscher, Bern and Oudegeest. Noes: None. Absent: None. Abstain: 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

Water Service Requests.

District Water Rights.

Personnel – All Employees (California Government Code Section 54957)

OPEN SESSION.

A motion was made by Luscher and seconded by Bowles to move the meeting into Open Session at the hour of 10:20 p.m. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Freedle reported no action was taken in closed session.

ADJOURNMENT:

A motion was made by Luscher and seconded by Bowles to adjourn the meeting at 10:25 p.m. Ayes: Freedle, Bowles, Bern, Luscher, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

APPROVED BY:

President