

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

DECEMBER 8, 2006

The Board of Directors of Sierra Lakes County Water District met in special session at the hour of 3:05 p.m., Friday, December 8, 2006, at the regular meeting place of the Board, 7300 Short Road, Soda Springs, California.

NEW DIRECTORS OATH OF OFFICE:

Freedle administered the Oath of Office to the newly elected Board members, Gene Bowles and Bill Oudegeest.

ROLL CALL:

The Directors in attendance at the Sierra Lakes Board Room were Wade Freedle, Ulrich Luscher, Gene Bowles, and Bill Oudegeest.. Director Martin Bern was present by telephone from 560 Mission Street, 27th floor, San Francisco, California. Staff members present were Judy Sieczkowski, Dianna Smith, and Bill Quesnel. The guests present were Fran Freedle, Mike Livak for Royal Gorge, LLC, and Tom Skjelstad for Donner Summit Public Utility District.

APPROVAL OF AGENDA:

The Agenda for the December 8, 2006, meeting was presented to the Board for approval.

A motion was made by Luscher and seconded by Bowles to approve the December 8, 2006, Agenda, as presented. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

PUBLIC FORUM:

Director Luscher welcomed the new Board members and thanked the retiring Board members for their dedicated service to the District. Luscher stated he had attended the ACWA/JPIA conference the past week and noted that the District's insurance programs were doing very well and that there might be a cost reduction in future premiums or higher limits. He informed the Board that the District was not on the ACWA/JPIA list of Districts with items to be corrected, and that the District was on the list for being a low claims District. Staff was commended for achieving the rating.

DSPUD UPDATE – TOM SKJELSTAD:

Guest Skjelstad with Donner Summit Public Utility District addressed the Board and informed the District that Donner had had not renewed their contract with DeWante, DeWante & Stowell. Skjelstad stated that Donner was looking into a smaller engineering firm that would make Donner a priority in their objectives. Luscher suggested Donner look into Eco:Logic Engineering due to their history and knowledge of the wastewater treatment plant. Skjelstad reiterated that Donner was looking for better service with direct oversight from an engineer having high altitude treatment plant experience. Skjelstad solicited any input from the District.

Skjelstad stated that the retrofit on Plant #1 would be completed by the end of this year and confirmed Plant #2 had been upgraded last summer. He reported Donner had no plans to perform any expansion to the wastewater treatment plant in 2007, and they would be looking into how plant expansion might be affected next summer. He stated they expect to start the expansion, providing for build-out for both Donner and Sierra, in 2008. He informed the Board that DSPUD had received Freedle's letter requesting that Sierra be allocated 44% of any new or additional capacity as a result of the recent upgrade, and Donner had agreed to that request.

Guest Livak with Royal Gorge, LLC addressed the Board and informed the Board that Royal Gorge was looking into identifying a development alternative which would set the demand for their sewer/water needs. They were about to engage a consultant for the next phase of their sewer inquiry, which combined with their chosen development alternative would provide significantly more information.

Skjelstad reported that Donner was notified in October, 2006, by the Regional Water Quality Control Board that during January 1, 2000, through June, 2006, the wastewater treatment plant discharge permit was violated seventy-two (72) times. He informed the Board that the penalty was \$216,000.00. Donner had asked for and received exemptions due to the District being 20% below the standard household income median. The State waived the penalty due to all the improvements the District had made to the treatment plant. Skjelstad stated he would provide Sierra with the correspondence and information.

CONSENT ITEMS CALENDAR:

November, 2006, Check Register.

The November, 2006, Check Register was presented to and reviewed by the Board.

Minutes of November 10, 2006, Meeting.

The Minutes of the November 10, 2006, meeting were presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bern to approve the Minutes of the November 10, 2006, meeting, as presented. Ayes: Freedle, Luscher, and Bern. Noes: None. Absent: None. Abstention: Bowles and Oudegeest.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

The December 1, 2006, Operations and Maintenance Review was presented to the Board for review. Quesnel informed the Board that the application to PG&E to obtain three-phase power to sewer pump stations #2 and #4 was received by PG&E and he was waiting to hear back. He and Overhauser had met with Ken Weakley of Mountain Electric to develop a set of specifications to allow the District to replace the cabinets at the pump stations. The project will possibly be out to bid early next year. Quesnel reported he was working on getting the transfer switches at pump stations #2 and #4 to allow the generator to be plugged in directly, instead of having to manually plug into the pig tails. Quesnel reported he had met with John Haaf, from ACWA/JPIA and was acquainted with the programs offered by the JPIA. He stated Haaf was very complementary of the District and was anxious to get Stransky and Dahlen up to speed with training.

Responses to Department of Health Services' 2005, Annual Inspection Letter and June 6, 2006, Follow-up E-mail.

Quesnel informed the Board that he had contacted Mike Tolin and Terry MacCauley with the Dept of Health Services who had sent the District a letter dated November 28, 2006, along with forms to be completed and returned. Quesnel stated the Department noted that the list of items submitted to the District back in 2005 was no longer at issue. They had informed Quesnel that they were waiting for payment of \$128.00 and the forms they had sent with their November 28, 2006, letter before they could issue an amended permit. The Board directed Quesnel to respond to the November 28, 2006, letter from Department of Health Services.

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

Quesnel informed the Board that Sierra Control Systems intended to install the telemetry upgrades this winter. Sierra Controls was working on their in-house engineering and programming.

Fire Hydrant Snow Clearing.

The 1997/98 Donner Summit PUD Fire Department Fire Hydrant Snow Removal Policy and Plan, and the Sierra Lakes County Water District Fire Hydrant Snow Stake Location Maps (1/12/06) were presented to the Board for review. Luscher noted this was the original contract with Donner Summit Fire Department and the contract is now with Truckee Fire Department. He stated upon consolidation to Truckee Fire, the CSA 16

funds were also transferred. The Board concurred Freedle would send a letter to Truckee Fire Department regarding the fire hydrant snow removal for Serene Lakes.

Employment of Jerrold Dahlen.

Sieczkowski reported Jerrold Dahlen had been hired as a full-time temporary employee on July 5, 2006, and was made a permanent employee as of November 16, 2006.

Decision re: Time in Grade.

Freedle reported the Board needed to decide when Jerrold Dahlen's start date would be in order to determine when his benefits would start.

A motion was made by Bowles and seconded by Oudegeest to approve Dahlen's time in grade starting from July 5, 2006. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

ADMINISTRATION:

Approval of New Vendors.

The invoices for Metal Masters, Inc. and Acumen Engineering were presented to the Board for review.

A motion was made by Luscher and seconded by Bowles to approve Metal Masters, Inc., and Acumen Engineering as new vendors for the District. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

DISBURSEMENTS REQUIRING BOARD APPROVAL:

Acumen Engineering Company.

The December 1, 2006, Invoice #1 from Acumen Engineering Company was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Oudegeest to approve Invoice #1 for Acumen Engineering in the amount of \$3,082.50. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Bartkiewicz, Kronick & Shanahan.

The November 13, 2006, Invoice for October legal services from Bartkiewicz, Kronick & Shanahan in the amount of \$2,850.46 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve Bartkiewicz, Kronick & Shanahan's invoice for legal services in October. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Kronick's 12/4/06 Letter re: Resignation as District Counsel.

Bartkiewicz, Kronick, & Shanahan's December 4, 2006, letter regarding Resignation as District Counsel was presented to the Board for review. Sieczkowski noted the District had retained them as legal counsel for the District in 1978. The Board directed staff to tabulate the yearly amounts paid to Bartkiewicz, Kronick & Shanahan over the past ten (10) years for the Boards review at the next Board meeting. The Board concurred Luscher would contact Kronick and inquire as to why they wish to resign as District counsel and report to the Board at the next Board meeting.

DSPUD 2004/05 Audit Billing.

Freedle informed the Board Donner Summit Public Utility District was still submitting backup material for the 2004/05 Audit Billing to him. This matter was tabled until the next Board meeting.

DSPUD's AccuWeb Invoice #05/06.

The December 7, 2006, Invoice #05/06 from Donner Summit Public Utility District in the amount of \$85,800.00 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve payment of DSPUD's Invoice #05/06 in the amount of \$85,800.00. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Ellison, Schneider & Harris, LLP.

Ellison, Schneider & Harris, LLP's invoice for October legal services in the amount of \$2,790.70 was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve Ellison, Schneider & Harris, LLP's invoice in the amount of \$2,790.70. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Robert W. Johnson, An Accountancy Corporation.

Robert W. Johnson's November 8, 2006, Invoice for June 30, 2006, audit services in the amount of \$8,000.00 was presented to the Board for review and approval. The Board concurred Freedle would prepare and send a letter in response to the audit.

A motion was made by Luscher and seconded by Oudegeest to approve Robert W. Johnson's invoice in the amount of \$8,000.00. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

President's Report.

The November 30, 2006, President's Report was presented to and reviewed by the Board.

November 10, 2006, Meeting Follow-up, and December, 2006, Action Items List.

The November 10, 2006, Meeting Follow-up and the December, 2006, Action Items List were presented to and reviewed by the Board. The following was noted:

- Overhauser and Quesnel were working on the Annual Inspection Report from the Department of Health Services.
- Staff had gathered the information needed to bill Truckee Fire for the fire hydrant repairs and was directed to send a bill to them.
- The connection fees were refunded to 212 Quincy, LLC and Osborn for failure to obtain a building permit by November 9, 2006.
- Property owner Etheredge was notified to have their building plans submitted to the Serene Lakes Property Owners Association Architectural Review before the District will finalize their sewer/water connection permit.
- Quesnel had contacted an electrical engineer to bring all the District facilities up to code.

Operating Budget-to-Actual (Monthly and Year-to-Date), Capital Projects Budget-to-Actual.

The November, 2006, Operating Budget-to-Actual Report, and the November, 2006, Capital Projects Comparison Budget to Actual, were presented to and reviewed by the Board.

Cash Flow Projection Summary and Breakdown.

The December 1, 2006, Cash Flow Projection Summary and Breakdown were presented to and reviewed by the Board.

Final SLCWD 2005/06 Audit Report.

The Sierra Lakes County Water District Financial Statements and Independent Auditor's Report for the year ended June 30, 2006, was presented to the Board for review and approval. The Board concurred each Director would review the report thoroughly and submit any concerns to Freedle by the end of the month, when Freedle would prepare and send a letter in response to the report.

Ordinance No. 76 – Concerning Board Member Compensation.

Ordinance No. 76 – Concerning Board Member Compensation was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bowles to approve Ordinance No. 76. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Resolution No. 2006-778 Authorizing Bank Signatories.

Resolution No. 2006-778 Authorizing Bank Signatories was presented to the Board for review and approval.

A motion was made by Luscher and seconded by Bern to approve Resolution No. 2006-778. Ayes: Freedle, Luscher, Bern, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None.

Property Owners' Construction-in-Progress Logs.

The December 1, 2006, Construction-in-Progress Logs were presented to and reviewed by the Board. Freedle reported the connection fees had been returned to 212 Quincy, LLC, and to Brett Osborn. Staff informed the Board that there had been no further contact from the property owners 212 Quincy, LLC and Osborn. The Board concurred the release of these two permits would be continued to the next Board meeting.

OLD BUSINESS:

Status of Water Tank & Firehouse Landscaping.

Freedle reported the landscaping was complete for this year and that he would prepare and send a letter to Placer County requesting payment for the landscaping project.

Update on SLCWD's Petition to State for Water Rights Permit Extension.

Bern reported he had been referred to a few environmental consultants who specialize in the CEQA process by Attorney Schneider. The Board concurred Bern would interview the environmental consultants and report his recommendation to the Board at the next Board meeting.

Update on Acquisition of Lake Bottom.

The excerpt from the Grant Deed recorded June 3, 2005, describing the lake bottom parcel was presented to the Board for review. Freedle reported a map showing the property lines the District intended to acquire was being completed by Quesnel. Bern stated he spoke with an appraiser who informed him that the appraisal would cost more than the value of the property. Guest Livak for Royal Gorge, LLC addressed the Board and requested the map define the high water and property lines, and have a scale reference in order to help Royal Gorge understand the property the District is interested in. Freedle stated the District considered the property between the property line and water line as lake bottom property. Oudegeest stated that property would only be a few inches. Freedle reiterated the lakeside subdivided lot lines would be drawn on the map. He stated the property for the east side of the channel to the dam would be harder to define. The Board concurred the map outline of the lake bottom and the channel to the dam, a legal description, and an offer letter would be prepared for review at the next Board meeting.

Director Martin Bern left the meeting at 5:47 p.m.

NEW BUSINESS:

Reorganization of Board Committees.

This matter was continued to the next Board meeting.

Letter to Donner re: Expansion Studies.

The Board concurred Luscher would prepare and send a letter to Donner Summit Public Utility District expressing the District's desire to be involved in their selection of an operational engineer, as well as the capacity study and expansion process.

Potential Restructuring of Agenda.

Freedle reported the Board would like to minimize the time spent at Board meetings and expressed the Board's desire to restructure the Agenda. Bowles suggested items be moved to the Consent Items Calendar, that the Board address any visitors appearing on an Agenda item as soon as possible, that the check register be listed by amount as well as chronologically, as well as other suggestions.

Director Oudegeest stated that it is very difficult for him to arrive at the Board meetings by 4:30 p.m. and thought it would be easier for him to arrive by 5:00 p.m. The Board concurred and agreed that the meeting time would be moved to 5:00 p.m.

Vision Plan Coverage for Dependents.

Freedle reported that the present vision plan for District personnel had not covered dependents. Since the medical benefit and dental insurance plans covered dependents, the vision plan should also provide this coverage to conform to a standard package. The Board directed staff look into the cost of vision coverage for dependents and report to the Board at the next Board meeting.

CLOSED SESSION:

Personnel – (California Government Code Section 54957)

This matter was continued until the next Board meeting.

ADJOURNMENT:

A motion was made by Bowles and seconded by Oudegeest to adjourn the meeting at 6:20 p.m. Ayes: Freedle, Luscher, Bowles, and Oudegeest. Noes: None. Absent: Bern. Abstention: None.

Administrative Specialist II

APPROVED BY:

President