

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

December 14, 2007

The Board of Directors of Sierra Lakes County Water District met in regular session at the hour of 5:06 p.m., Friday, December 14, 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, Martin Bern, and Bill Oudegeest. Staff members present were Bill Quesnel and Mary Hall. The guests present were Fran Freedle, Tom Burns, Louise Burns, Jim Thomson, Amber Waddle, Linda Waddle, Leroy Waddle, Al Lebel Sid Cronin, Nancy Mings, Tamson Miller, M. Gross, Cynthia Butler, Robin Burke, and Ed Burke, along with about ten other guests. Mike Livak was present for Royal Gorge, LLC.

APPROVAL OF AGENDA:

The Agenda for the December 14, 2007 meeting was presented to the Board for approval. Luscher requested to move item V.A. – Presentation by Christopher Farrar of United States Geologic Survey to I.D.

A motion was made by Luscher and seconded by Bowles to approve the December 14, 2007 Agenda, as amended. Ayes: Freedle, Bern, Luscher, Bowles, and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

PUBLIC FORUM:

Mr. Al Lebel addressed the Board regarding the water pumped as opposed to sewer flows sent to the sewer treatment plant and noted half the water pumped through the water system was reflected in the sewer flows. Mr. Lebel asked where the other half was going. Freedle reported there was water leaking from the water distribution pipelines. Luscher noted there was also an irrigation factor. Bowles stated the Board was aware of this situation and was proceeding with testing of the water mains and upgrading of the infrastructure.

Mrs. Louise Burns addressed the Board regarding her concern of water use and the landscaping factor. She asked if the Board was going to restrict landscaping or lawns in the District. Freedle and Luscher confirmed the Board had not considered any restrictions in the past.

NEW BUSINESS:

Presentation by Christopher Farrar, United States Geological Survey.

Mr. Christopher Farrar presented a general overview of water resources. He mentioned that the Lake Studies Log in the meeting material seemed to have a lot of what the District should be concerned about. Mr. Farrar discussed the hydrologic cycle. He stated the District should design and implement a monitoring program for the area to develop base line data, in order to correlate recharge of the water supply to the condition of the streams and aquifers. Once a base line is created, the District could determine whether the water supply was going up, down, or staying the same. He suggested various sources of research funding such as the Department of Conservation and the Sierra Nevada Conservancy.

CONSENT ITEMS CALENDAR:

Luscher requested removal of the November 9, 2007 Minutes from the Consent Items Calendar.

A motion was made by Bowles and seconded by Luscher to approve the Consent Items which included the October 12, 2007 Minutes, as amended; the November 2007 Check Register; and new vendors Officetronics and RK Excavation. The motion passed unanimously by the following roll call vote: Ayes: Freedle, Bern, Luscher, Bowles and Oudegeest. Noes: None. Absent: None. Abstain: None.

OPERATIONS:

Operations Report from Bill Quesnel/Acumen Engineering.

Quesnel's December 5, 2007 Operations and Maintenance Report for November 2007 was presented to the Board for review. Quesnel reported staff had found a significant leak from a broken irrigation line which resulted in a reduction of one-third of the water lost in the distribution system.

Sanitary Sewer Management Work Plan and Implementation Schedule.

Quesnel's December 5, 2007 Memorandum regarding Approval of Sewer System Management Plan Work Plan and Schedule was presented to the Board for review and approval. Quesnel reported the State Water Resources Control Board requires all sanitary sewer systems with one mile or more of pipeline to implement a work plan to be approved by the Board before May 2008. Luscher suggested that the plan include interim progress milestones.

A motion was made by Bowles and seconded by Luscher to approve the proposed sewer system management plan including interim progress milestones. Ayes: Freedle, Bern, Luscher, Bowles and Oudegeest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

Possible Acquisition of Combination Vector/Hydroflush Truck.

Quesnel's December 12, 2007 Memorandum regarding Purchase of a Combination Sewer /Vacuum Truck was presented to the Board for review and consideration. Quesnel reported staff had spent a significant amount of time researching

and demonstrating various trucks. Quesnel stated there is a valid need to purchase the truck due to many reasons. The hydroflush truck the District currently has does not meet Air Quality Control Board standards; the State requires vacuum excavation anytime there is work in the vicinity of underground power lines, or sanitary sewer force mains; and the fact the District pays Truckee Sanitary District about \$1,500.00 every time there has been a need to rent one. The Board directed Quesnel to look into financing options, leasing options, the possibility of co-ownership with Donner Summit Public Utility District, and the option for the District to rent the truck out to other agencies. This matter was tabled until the January 2008 Board meeting.

District Facilities Snow Removal Contract.

Quesnel's December 5, 2007 Memorandum regarding Award of a Snow Removal Contract was presented to the Board for review and consideration. Quesnel reported notices were sent to six local snow removal contractors and three bids were received. Quesnel recommended the Board reject all the bids for snow removal as not being in the best interest of the District. The Board concurred and rejected all snow removal bids.

Change Order – Custom Electric Contract.

Quesnel's December 6, 2007 Memorandum regarding Power and Control System Upgrade at SPS-2, -3 and -4 was presented to the Board for review and consideration. Quesnel reported Custom Electric had finished construction of the power and control system upgrades with a cost overrun over the cost included in the original scope of the work.

A motion was made by Luscher and seconded by Bowles to authorize Change Order #2 to Custom Electric in the amount of \$519.98 for the Power and Control System Upgrades at SPS-2, -3, and -4. Ayes: Freedle, Bern, Luscher, Bowles and Oudegest. Noes: None. Absent: None. Abstention: None. The motion passed unanimously.

OLD BUSINESS:

President's Report.

The December 6, 2007 President's Report was presented to and reviewed by the Board.

Update on Pump Testing of Wells No. 1 & No. 2.

Quesnel reported the testing of Well No. 2 had been completed. There were two wells drilled in 1982; Well No. 1 and Well No. 2. Well No. 1 is connected to the District's system and is on standby status with the State Department of Water Resources. Well No. 2 was not developed when it was originally drilled. In 1997 a pump was put in that well, but it was never connected to the District's system and was never used. The geologist hired by Royal Gorge completed the testing of Well No. 2 over a twenty-four (24) hour period, and the well produced about 27 gallons per minute on a sustained basis. Based on the test logging the well had a very quick recovery time. The geologist informed Quesnel that while monitoring the level of Well No. 2 he saw a drop of about

six feet every two hours, and then it would recover quickly. The geologist thought there might be another well cycling near by. Well No. 2 is about 430' deep and the perforation started at about 250'. The geologist also informed Quesnel that while he was pumping Well No. 2 he monitored Well No. 1 and saw a drop of six or seven feet in Well No. 1. When he turned the pump off at Well No. 2, the recovery time for Well No. 1 was not as quick as it was at Well No. 1. Quesnel stated Well No. 1 would be tested next week. There seemed to be a hydrologic connection between the two wells.

ADMINISTRATION:

November 9, 2007 Meeting Follow-up and December 2007 Action Items List.

The November 9, 2007 Meeting Follow-up and the December 2007 Action Items List were presented to and reviewed by the Board. The following was noted:

- Luscher and Freedle prepared and sent a letter to Mr. Gray responding to his October 25, 2007 Letter regarding the health of our lakes and their watershed.
- Smith had changed the Holiday Dinner reservation at Ice Lakes Lodge to 7:00 p.m. on December 14, 2007.
- Luscher developed and submitted to Freedle a paragraph in regard to Operations for the MD&A report for the June 30, 2007 Audit.

Acceptance of 2006/07 Audited Financial Statements.

The Board tabled this matter until the January Board meeting.

Ordinance No. 81 Concerning Board Compensation.

Ordinance No. 81 Concerning Board Member Compensation was presented to the Board for review and adoption.

A motion was made by Bowles and seconded by Luscher to adopt Ordinance No. 81. The motion passed unanimously by the following roll call vote: Ayes: Freedle, Bowles, Luscher, Bern and Oudegest. Noes: None. Absent: None. Abstain: None.

FINANCE:

DISBURSEMENTS REQUIRING BOARD APPROVAL:

The following disbursements requiring Board approval were presented to the Board:

ACWA – 2008 membership dues	\$6,060.00
Acumen Engineering	\$8,235.00
CSDA – 2008 membership dues	\$1,370.00

Custom Electric	\$5,659.69	
Ellison, Schneider & Harris, LLP October Legal Services	\$5,218.99	
Jones & Stokes	\$10,138.06	Oct. 1 – Oct. 28
Water Quality Sampling/Reporting	\$2,295.00	Oct. 29 – Nov. 25
Fisheries Survey		
Jones & Stokes	\$660.00	Oct. 1 – Oct. 28
Water Supply Capacity Review	\$4,485.00	Oct. 29 – Nov. 25
Link Pipe	\$8,347.37	
Mountain Pipeline	\$3,595.60	
Robert W. Johnson	\$8,250.00	
Rossmann and Moore, LLP	\$3,315.00	October
	\$4,745.00	November
Suter Construction	<u>\$14,541.06</u>	
Total	\$86,915.77	

A motion was made by Bowles and seconded by Luscher to approve the above disbursements requiring Board approval in the total amount of \$86,915.77. Ayes: Freedle, Bern, Luscher, Bowles, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Operating Expense Budget vs Actual Year-to-Date.

This matter was continued until the January Board meeting.

Operating Expense Budget vs Actual (October).

This matter was continued until the January Board meeting.

Capital Projects Budget-to-Actual (Year-to-Date)

This matter was continued until the January Board meeting.

Cash Flow Projection Summary and Breakdown.

This matter was continued until the January Board meeting.

OLD BUSINESS:

Update on Reimbursement Agreement with Royal Gorge for Lake Studies.

The December 7, 2007 Royal Gorge Lake Studies Log was presented to the Board for review. Bowles noted the issues the District should be concerned about, pointed out by Christopher Farrar, were listed on the log. Bern reported Royal Gorge had submitted some information derived from some of these studies to Placer County without sharing it with the District. Public record requests were made to Placer County with no avail. Bern reported he had learned today that Placer County had returned the information to Royal Gorge at Royal Gorge's request and would not be providing a copy to the public. Bern suggested the failure of Royal Gorge not providing the District with copies of the submitted information was a breach of the reimbursement agreement between the District and Royal Gorge, paragraph 18 Sharing of Data and Studies. The District should be aware that the District had an agreement with Royal Gorge which would seem to be complied with by Royal Gorge when convenient to them and not on a consistent basis. Bern stated as a Director he would be skeptical with regard to future agreements and future representations made by Royal Gorge.

Livak reported the information submitted to Placer County was not derived from the Lake studies and he did not believe Royal Gorge had breached the reimbursement agreement between the District and Royal Gorge, LLC. The Board requested Livak respond in writing. Livak stated back in August, Placer County Planning staff requested that Royal Gorge submit certain technical information in draft and incomplete form before Royal Gorge submitted a project application. That request was made outside the requirements of the public review process, outside of any formal review process that exists. The County told Royal Gorge they wanted to see that information before they made any sort of project application. The County further told Royal Gorge that they intended to release that draft and preliminary information to the public when Royal Gorge provided it to the County. Royal Gorge did not think that was the greatest idea for two reasons. One being that providing draft and incomplete information and making it available for public review had the potential to cause a lot of confusion and a lot of concern about things that are not real. Secondly, Royal Gorge knew that the appropriate time to roll out their plans and explain them to the public would be when the planning documents became public. That set up a circumstance where Royal Gorge anticipated presenting two public roll outs of their project; one to explain the draft materials which were incomplete and a second to explain the actual materials which would constitute their project application. The County, which is leading this process, told Royal Gorge how to go about the process. The County told Royal Gorge they were creating a new step in the process, asking Royal Gorge to submit the draft, incomplete materials to make sure the technical information the County needed was in the documents.

Livak continued that in November the County indicated its intention to keep these documents private as administrative drafts. That changed Royal Gorge's outreach strategy. It eliminated the need to release information to the public which was not complete. Royal Gorge would like to share the project plan with the public, once complete, once all the information has been developed and is suitable for consideration by the District and the public.

Oudegeest stated he had a source in the County who informed him that it was Livak's personal request to have those documents which were submitted to Placer County

be stamped 'Private'. Livak stated Oudegeest's source was incorrect and that it was suggested by County staff that a sticker be affixed to those documents and the language on that sticker was also suggested by County staff. The documents were provided at the County's request, after the County told them they would only be analyzed for technical accuracy. After those documents were printed, the County told Royal Gorge they needed to have this language on all the documents. Rather than being on the documents themselves, stickers were placed on the documents after they were produced.

Bern stated he did not believe the County, who had indicated they would spend six to eight months reviewing these documents, would spend that much time reviewing inconclusive draft documents. Bern stated he believed that Royal Gorge, along with the County, was submitting documentation for the County to review out of the sight of the public to then comment on and tell Royal Gorge these are things you need to change so the County could accept it when it ultimately gets submitted. It is a circumvention of the law of the State of California that things are done in the open and where the public has a right to see and comment in a timely manner. Rather than where things are all worked out in some backroom deal and then rubber stamped by the County when the project comes through. Bern stated Royal Gorge was not releasing the results of some of the studies that Royal Gorge had been completing, some of which are relative to the District's function. Bern asked Livak to have Royal Gorge consider if some of the studies should be released at this time. Livak reported he would go back over the contract with the District and confirm that a violation has not occurred.

Bowles stated the District operates in a very open and transparent manner and has been very responsive to Royal Gorge's request for data that the District has collected. The expectation is that Royal Gorge be very open and transparent about data collected on this topic as well. That would be the only way to have a working relationship and he would be very dismayed if Royal Gorge was withholding relevant data from the District because they conveniently find a better time to release it based upon their motives.

ADJOURNMENT:

A motion was made by Bern and seconded by Bowles to adjourn the meeting at 7:28 p.m. Ayes: Freedle, Bowles, Luscher, Bern, and Oudegeest. Noes: None. Absent: None. Abstain: None. The motion passed unanimously.

Administrative Assistant II

APPROVED BY:

President