

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

Date: Friday February 17, 2017 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

This meeting was originally scheduled for February 10, 2017. Extreme winter weather conditions made travel to, from, and within the District slow and dangerous. President Heald, after consultation with others, determined that the meeting should be postponed. Likely attendees were notified directly, and notice was posted on the District web site. The 'special' meeting on February 17 was the result. The agenda and meeting materials were carried forward from February 10 with no changes.

I. Open Meeting:

Roll Call: Directors in attendance at the Sierra Lakes Boardroom were:

Director Karen Heald
Director Michael Lindquist
Director Dick Simpson
Director Bill Oudegeest
Director Dan Stockton

Staff members present: Bill Quesnel, General Manager
Anna Nickerson, Financial Consultant

Staff members by phone: Jeff Mitchell, District Counsel

Guests present were: None

Minute Recorder: Anna Nickerson, Financial Consultant

II. Public Forum: An opportunity for members of the public to address the Board on items that were not on the agenda. There were no public comments.

III. Approve Agenda:

The agenda was presented to the Board for approval.

A motion was made by Director Oudegeest and seconded by Director Stockton to approve the agenda as presented. The motion passed by a unanimous vote.

IV. Public Comments: An opportunity for the Board to consider comments received from the public after the agenda was posted, regarding items on the agenda. There were no public comments received after the agenda was posted.

V. Operations:

A. Mr. Quesnel's operations report was presented to the Board for consideration and possible action. Mr. Quesnel reported that staff attempted to measure the ice around the water intake pipe at Bales. They drilled down six feet and were still in ice. They were unable to go any further because they ran out of auger. Staff was working on an extension so they could drill down farther. Mr. Quesnel also said the temperature of the water had dropped to 1.25° C, close to the temperature seen in 2011 when staff could no longer process water. Staff would continue to monitor the situation and would switch to well water if needed.

Mr. Quesnel also reported that he had been in contact with Badger Meter regarding the data transmission problems staff was having with several of the automatic meter readers. He was told that Badger had a new radio battery/antenna system and that Badger would be replacing the units that were having transmission issues at no cost to the District. The replacements were expected to arrive within the next 30-35 days. Director Simpson said there was a lot of useful information on Badger's website but no numbers. He thought he might contact the company to see if they were interested in using Sierra Lakes as a case study. He said Badger had about five case studies on their website but the studies were being done in flat, rural areas, with the exception of Sunnyvale. There were no case studies being done in areas like Serene Lakes. Mr. Quesnel said he would forward Director Simpson Badger's contact information.

VI. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the January 13, 2017 meeting, the January 2017 Check Register, Disbursements for Board Approval, and the January 31, 2017 Financial Reports. Director Heald noted a correction on page 12 of the board packet; Sherry should be Cheri. She also noted that on the top of page 13, Mr. Cox would be getting back to her or Mr. Gonzalez, not Mr. Quesnel. Director Oudegeest noted that Dulzura was misspelled on page 12.

A motion was made by Director Oudegeest and seconded by Director Simpson to approve the Consent Items. The motion passed by a unanimous vote.

VII. New Business:

A. Director Simpson's memorandum titled "Donner Summit Community Meeting" dated February 2, 2017 was presented to the Board for consideration and possible action. Director Simpson said Sierra Lakes was the only water agency represented; no one from Donner Summit PUD attended. He said the meeting was mainly a brainstorming session on issues of concern and that there would be another meeting on the February 23rd focused more on action. He said there were both business people and people from the community in attendance but thought the business owners would need to take the lead. He said what they needed was coordination so that people weren't running off in different directions. Director Stockton thought it was good to have a Water District representative at the meetings, not to promulgate anything but to be a defense. He said sometimes people with the best intentions propose things that could have a negative effect.

Director Simpson reported that about one-third of the people were enthusiastic when quickly polled about moving forward. Director Heald asked about the other two-thirds. Director Simpson said the others were not sure what "moving forward" meant and were still considering their responses when the meeting facilitator said they could lower their hands. Director Simpson

proposed that he continue doing what he was doing, which was attending the meetings. There were no objections.

B. Mr. Quesnel's memorandum titled "Purchase of Asset Management Software" dated February 1, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said the budget included about \$30,000 to replace the District's current SLAMS (Sierra Lakes Asset Management Software) program. He said SLAMS mainly managed the District's pipe system but that it was clunky and hard to get system updates. He said he did some research and talked to North Tahoe PUD and Truckee Sanitary District and found that they both used Lucity. He said that, with the new software, staff would not have to remember to do things based on what was written on little stickers. He said the Lucity software would provide reports, a way to track needed maintenance, and a way to track the cost of fixing things instead of calculating the cost in their heads. He said the software came with five licenses so staff, Mrs. Nickerson and Mr. Quesnel would all have access. A new computer downstairs might also be required to run the new software but the need would be determined by Lucity's IT Specialist when the District's current set-up was assessed. Responding to a question, he said that the interface with Donner Summit PUD is so simple that compatibility with their software is not an issue. Mr. Quesnel recommended that the Board approve the purchase of the proposed software system.

A motion was made by Director Oudegeest and seconded by Director Stockton to "issue a purchase order for under \$30,000 to buy the new system and make things more efficient". The motion passed by a roll call vote: Ayes: Director Heald, Stockton, Lindquist, Simpson and Oudegeest. Noes: None. Absent: None. Abstentions: None.

C. Mrs. Nickerson's memorandum titled "Unfunded Liability Prepayment" dated January 27, 2017, was presented to the Board for consideration and possible action. Mrs. Nickerson said a few years ago, CalPERS went through an extensive actuarial calculation to determine the total unfunded pension liability for participating agencies. However, unlike the large agency Mr. Johnson referenced at the previous meeting, the District's specific liability was not calculated; Sierra Lakes' liability was calculated as part of a risk pool. According to the CalPERS representative that Mrs. Nickerson spoke with, the District's only option for making a lump-sum payment was to make an annual lump-sum payment towards the total unfunded liability for an amount that is billed in July each year. Mr. Quesnel said part of the issue was that CalPERS was not getting the return that it budgeted and eventually CalPERS income and outflow curves would cross, requiring higher contributions from agencies, employees and tax payers. He said a local reserve account made sense as a buffer to future increases in contributions. Mrs. Nickerson said CalPERS estimated future contributions could increase by as much as 40%. Director Oudegeest agreed that setting money aside was the responsible thing to do so the District would have something to fall back on, lessening the impact of future increases.

Mrs. Nickerson was asked to get an estimate of the District's current unfunded liability from Mr. Johnson. Mr. Quesnel said the Budget Committee would be looking at the District's financing options as part of the budget process and would consider options for setting money aside for the unfunded liability. Director Lindquist said he knew of an investing firm that specialized in helping agencies like the District. He said he would contact them to get more information about the District's investing options.

D. Jennifer Lyons' email dated February 3, 2017, requesting a waiver for the late fee on the second installment of the water/sewer service fees, was presented to the Board for consideration and possible action. Director Simpson said the reasons listed for missing the payment were the reasons the District had late fees and asked if there was a precedent. Director Heald said there was a precedent and that the Board has had many requests. Mrs. Nickerson said the only time a late fee has been waived in the past has been when proof was submitted that an online bill pay payment was scheduled in a timely manner but that the payment itself was not executed properly by the third party.

A motion was made by Director Stockton and seconded by Director Oudegeest to reject the request for waiver. The motion passed by a unanimous vote.

E. ACWA's email dated January 3, 2017, regarding the "2017 ACWA JPIA Executive Committee election" along with two requests for nominations were presented to the Board for consideration and possible action. Mrs. Nickerson said nominees needed to obtain six nominations from different water districts in order to be eligible. In the past, nominations were made based on Director Luscher's recommendations. However, the District does not currently have a representative participating in ACWA activities. Due to the lack of desire to nominate, the Board chose not to participate in nominations.

VIII. Old Business:

A. Mr. Quesnel's memorandum titled "Fuel Tank Risk Reduction Financial Assistance Program Update", dated February 1, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel recalled that, at the last several meetings, the Board had been discussing how to encourage and help homeowners remove and/or upgrade home heating oil tanks. He said the language in the draft program proposal has been changed to read that "any property owner within the District boundary would be eligible for the financial program." He also said he changed the language regarding permitting requirements based on discussions he has had with Placer County Environmental Health and Truckee Fire. He said, if the authorizing legislation (to be discussed later in the meeting) were passed, then the District would rely on and/or default to the County and Truckee Fire for the removal and installation of new tanks. He also said he spoke to the person at Placer County who administered the bear box program that Director Lindquist talked about and learned that homeowners who participated in the no interest bear box loans were billed \$22 per trash bill and that if the house was sold the new owner would be billed. However, Mr. Quesnel felt it would be a better idea for the District to require repayment of the SLCWD loans upon the sale of the house.

Director Lindquist was asked to speak about the proposed public information program. He said there were two pieces of information to get out. First was drafting of an SLCWD ordinance regulating heating oil tanks. Second was the incentive program. Both were contingent on necessary approvals — by the Legislature and SLCWD, respectively. He felt the incentive program should lead because the District's first priority is to convince homeowners to remove the tanks. The ordinance to regulate tanks can follow; it will close the loop for homeowners who are reluctant to take the tanks out. The ordinance would ensure that remaining tanks were safe. He proposed that a letter regarding the incentive program be sent with the annual bill in June. He also thought the District should start drafting the ordinance in June, which would give more opportunity for members of the public to attend meetings and provide input. Jeff Mitchell, District Counsel,

said he didn't recommend passing an ordinance until after authority was granted but thought having workshops and talking about the ordinance was a good idea. Mrs. Nickerson asked if the legislation would make it possible for the District to obtain customer information from heating oil providers. Mr. Mitchell said he didn't think so. Director Lindquist thought that if someone had a tank and they didn't subscribe to the incentive program, they would be very interested in the ordinance the District was going to adopt. Also, the Board was not opposed to staff making a note if they saw a heating fuel delivery truck making a delivery to a specific property, but they were not supportive of making it a required task for the maintenance and operations staff.

Director Heald noted three pending items. First, the Financial Assistance Program needed to be finished. Second was the community outreach to be discussed further at the March board meeting. Finally, whether or not to have staff start a list of potential heating oil tanks.

Director Simpson said the incentive program seemed to be targeted towards people who had underground storage tanks and wanted to replace them with something else. He asked if the Board wanted to offer financial assistance to someone who just wanted to remove an underground storage tank. Director Lindquist said the primary purpose was to get rid of underground heating oil storage tanks. Mr. Quesnel proposed a scenario where an underground storage tank was abandoned in place and filled with sand and there was no hazard to the District. Would the District want to help fund the removal of a previously abandoned fuel tank? Director Lindquist felt if a tank was properly abandoned then the District should not finance the removal of the tank. However, he did support funding the removal of an existing tank that was not properly abandoned. He proposed that the wording be changed to "properly abandon a tank", excluding already properly abandoned tanks. Mr. Quesnel would present the revised language at the March meeting. Mr. Mitchell was asked to provide a draft financial assistance agreement, or promissory note, for review at the March meeting.

B. Mr. Quesnel's memorandum titled "Proposed Legislation to allow Regulation of Home Heating Oil Tanks", dated February 1, 2017 was presented to the Board for consideration and possible action. Mr. Quesnel noted that a lot had happened since he wrote his memo. He said the District's lobbyist, Will Gonzalez, had done a great job and Assemblyman Dahle agreed to sponsor the bill — Assembly Bill No. 619. He said Assemblyman Dahle was concerned and wanted to make sure all District constituents knew exactly what was going on. In the end, through a lot of effort from everyone, the District basically got what was proposed. Director Lindquist said more information regarding the bill could be found online;

(see http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB619)

Mr. Gonzalez said there was nothing further to do at this time other than send a thank you letter to Assemblyman Dahle.

Mr. Quesnel said one big question was how to make sure people understand that the prohibition against underground tanks was not applicable to propane tanks. At the meeting, he presented the Board with a document that distinguished definitions for "liquefied petroleum gas" and "petroleum" tanks. He said the legislation specifically talked about tanks holding "petroleum" and that petroleum was a liquid product at normal atmospheric pressure but propane was not. Even

though propane was a form of petroleum, it was not considered petroleum in the state's regulations because it was petroleum in a tank that was under pressure; propane was a gas.

Mr. Quesnel also provided a copy of the California Code of Regulations Section 2645. "Manual Tank Gauging and Testing for Small Tanks". He wanted to make sure everyone understood how tough the testing requirements would be to keep an underground heating fuel storage tank.

A thank you letter would be sent to Assemblyman Dahle and the progress of the bill monitored.

C. Mr. Quesnel's memorandum titled "Memorandum of Understanding (MOU) for Temporary On-call Accounting and Administrative services with Robert Johnson Accountancy Corporation", dated February 1, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said the MOU was modified, reviewed by Mr. Mitchell and Mr. Johnson and that Mr. Johnson said the MOU looked fine.

Mr. Quesnel also said Director Stockton received an email from Mr. Johnson regarding the quarterly audits. Director Stockton said additional audits just needed to be scheduled and asked if the Board wanted to receive an audit report from Mr. Johnson. Director Stockton suggested that the District move forward with the quarterly audits and evaluate the value or necessity of a report going forward. Director Heald said she didn't think the District needed anything too formal — just documentation that the audit was done and that everything was acceptable or corrections had been made.

A motion was made by Director Oudegeest and seconded by Director Simpson to authorize the Board President to sign the Memorandum.

Director Lindquist asked why the result was an MOU as opposed to a Professional Services Agreement. Director Heald said the decision was based on the discussion at the January meeting when Mr. Johnson said he was unwilling to deal with anything more complicated than an MOU. She recalled that Director Lindquist had expressed concern that the MOU didn't have indemnity and insurance; so Mr. Quesnel revised the MOU to include the language that Mr. Mitchell felt was necessary to legally protect the District.

The motion passed by a roll call vote: Ayes: Director Heald, Stockton, Lindquist, Simpson and Oudegeest. Noes: None. Absent: None. Abstentions: None.

IX. Administration:

A. The list of Follow-up Items from the January 13, 2017 meeting was presented to the Board for consideration and possible action. A copy of a procedure manual from Mr. Johnson was still pending.

B. The Status of Action Items remaining as of the February 2017 Board meeting was presented to the Board for consideration and possible action. The percentage complete for the Automatic Meter Reading Study would be increased to 75-80%. Director Heald requested that the Office Procedure Manual be completed by May 2017.

XI. Adjournment

A motion was made by Director Oudegeest and seconded by Director Lindquist to adjourn the meeting. The motion passed by a unanimous vote.

The minutes were approved at the Regular Meeting held on March 10, 2017 as part of the Consent Items Calendar. A motion was made by Director Lindquist and seconded by Director Oudegeest to approve the Consent Items Calendar. The motion passed by a unanimous vote.