

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

Date: Friday August 11, 2017 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

I. Open Meeting:

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

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

Director Heald participated by teleconference from 4400 Walnut, Oakland, CA, pursuant to Government Code Section 54953.

Staff members present: Bill Quesnel, General Manager
 Jeff Mitchell, District Counsel

Guests present were: None

Minute Recorder: Bill Quesnel, General Manager

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. The motion passed by a roll call vote: Directors Oudegeest, Lindquist, Stockton, Simpson and Heald in favor.

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. Lake Management:

A. Mr. Quesnel's memorandum titled "Elevated Walkway, 5478 Bales Road." dated August 7, 2017, along with correspondence from Karl Byers, was presented to the Board for consideration and possible action. Mr. Quesnel said Mr. Byers was sent a letter after the July meeting, Mr. Byers responded with a proposal, but Mr. Quesnel then requested a more specific answer as to when the temporary section of the walkway would be removed. Director Simpson proposed that the water level (rather than calendar date) could serve as a criterion to determine

when the section of walkway would be removed. Mr. Quesnel suggested one option could be “anytime the water was at or below the spillway elevation”. Director Stockton thought using the water level at the spillway would be easier to monitor than trying to determine how muddy the shoreline was. Director Simpson said he thought that the Board could suggest using the water level as a criterion but thought Mr. Byers should specify how he was going to determine the lake level and what actions he would take. Mr. Quesnel said staff monitors and reports the lake level on a monthly basis and thought that he could post the lake level on the District’s bulletin boards.

Mr. Quesnel said he would send Mr. Byers a letter suggesting that the walkway be removed when the lake level was at or below the spillway. He would also request that Mr. Byers respond by either accepting that criterion or proposing an alternative.

VI. Operations:

A. Mr. Quesnel’s operations report was presented to the Board for consideration and possible action. Mr. Quesnel said he was making progress on the polymer and cold water testing. He said, during the last round, that use of dry ice lowered the water temperature so far that ice was forming on the sides of the beakers. He also said the sample intake tubes were installed so now there were ports at 50 and 100 feet past the existing intake pipe.

Mr. Quesnel reported that the new pump for Bales had arrived and that it would be installed the following Thursday.

Director Simpson asked if only dead or dying brush would be removed from the District’s greenbelt property. Mr. Quesnel said he would be removing trees that were noticeably dead or leaning or that had a split tops or crowns with minimal foliage. He added that he would not be doing much with brush except where there were big stands, in which case he would trim it. Director Simpson asked if Mr. Quesnel helped property owners who planned on thinning trees/brush at their expense. Mr. Quesnel said he had met with about five homeowners in the last month, marking trees that were on District property that property owners could remove as part of their personal work. He also said he explained to those property owners that the District would not be removing trees on the strip because of the expense and the restrictive access; but he would mark trees that could be removed if the property owners wanted to remove them as part of their own work, at their expense.

Director Simpson noted that both water and sewer flows were slightly up recently and asked if the higher flows could be correlated to the recent Ragnar and Serene Lakes Days events. Mr. Quesnel said he believed that, due to the heat in the Central Valley, there were simply more people in the area. He added that staff had found a couple more stop-n-drain leaks.

VII. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the July 14, 2017, Regular Meeting, the July 2017 Check Register, Disbursements for Board Approval, and the July 2017 Financial Reports.

A motion was made by Director Oudegeest and seconded by Director Simpson to approve the Consent Items. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

VIII. New Business:

A. Mr. Quesnel's memorandum titled "CEQA Notice of Exemption for Vegetation Management Activities" (NOE) dated August 3, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said the NOE was needed for the CalFIRE project. He said, if the Board was in agreement that the work met the criteria, a signature from Director Lindquist would allow him to send the form to both Placer County and the State Clearing House. Although people would still be able to challenge the District, the NOE would reduce the challenge period from 180 days down to 35 days.

A motion was made by Director Oudegeest and seconded by Director Stockton to accept the determination that the proposed vegetation management activities are consistent with Article 19 of CEQA and to authorize signing of the Notice of Exemption by the Board President. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

B. Mrs. Nickerson's memorandum titled "GASB 45 Retiree Health Benefits Valuation", dated August 4, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said under GASB 45, the District was obligated to accrue the unfunded liability for medical benefits on its financial statements. In the past, the District used James Marta Company for the required valuation but Marta was no longer providing that service. Marta did, however, suggest Bickmore as a potential replacement. Because Bickmore's proposal was three times more than the District has previously paid, Mrs. Nickerson was researching other options. Mr. Quesnel proposed that, since the cost was within the General Manager's spending authority, the Board should consider the submission as information with the understanding that Mrs. Nickerson, Robert Johnson (District Accountant), and he would select the best option. The item would be put on the September agenda.

C. Mr. Quesnel's memorandum titled "Purchase of Automated Meter Reading Meters and Endpoints." dated August 8, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said, due to cellular reception challenges, the supplier was sending four new LTE Endpoints to use, at no charge. Staff would place the new endpoints in areas where cell service was known to be poor to see how they worked before buying 100 units. If the new endpoints worked well over the next month, then 100 new endpoints would be purchased and installed for use over the winter.

A motion was made by Director Oudegeest and seconded by Director Simpson to authorize the General Manager to purchase 100 LTE Endpoints. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

IX. Old Business:

A. Mr. Quesnel's memorandum titled "Fuel Tank Regulation Legislation Update" dated August 3, 2017, was presented to the Board for consideration and possible action. Also presented was a copy of the Certified Version of AB619 and draft versions of Resolution 2017-841 for Will

Gonzalez and a letter of appreciation for Assembly Member Dahle. Mr. Quesnel asked that the Board approve the resolution for Will Gonzalez and give direction on how to proceed with thanking Assembly Member Dahle.

A motion was made by Director Oudegeest and seconded by Director Stockton to approve the resolution for Will Gonzalez. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

Director Lindquist said he really appreciated Will's help in getting the legislation passed. Will's efforts provided a great service to the community and without his help the Board would have greatly struggled. Director Simpson suggested having a presentation ceremony at the SLPOA Homeowner's Meeting over Labor Day Weekend. Director Lindquist said he would contact Will to see if he was agreeable to the idea; otherwise, he could deliver the resolution to Will's office.

Mrs. Nickerson will finalize both the resolution for Will Gonzalez and the letter for Assembly Member Dahle for Director Lindquist's signature and delivery.

B. Mr. Quesnel's memorandum titled "Heating Oil Tank Financial Assistance Program Contacts" dated August 3, 2017, was presented to the Board for consideration and possible action. Mr. Quesnel said he talked to the tank removal contractor and learned that proposals had been sent to two property owners; one on Donner Dr. and Serene Rd. He also said he needed to follow-up with a couple property owners who did not respond to the letters. Mr. Quesnel said there was one property on the list that doesn't appear to have a tank. He said the property was last purchased in 2013 with no disclosure of a tank and there were no signs of a tank when he walked the property. Mr. Quesnel asked if the Board would be interested in having the properties scanned with ground penetrating radar for about \$600.00 to \$700.00. He said there two companies, one in Sacramento and one in Grass Valley that had equipment that could detect large metal objects buried underground.

The Board agreed that having the properties scanned was a good idea. However, Director Lindquist was concerned about exposing the District to any liability. Mr. Mitchell suggested using a simple "Right of Entry" form that would give the District permission to go on the property but it would not address responsibility for anything. He also said it would include a description of what was being done with a disclaimer. Director Oudegeest asked what options the District had if there was reason to believe there was a tank on the property but the property owner wouldn't give permission to look. Mr. Mitchell said, theoretically, if the District had reason to believe that there was a tank, the District could get an inspection warrant to go on the property but he wasn't sure a judge would issue the warrant based on 1995 information without knowing the source of the data. He suggested the Board could address the situation if it became an issue.

Mr. Quesnel said he will update the Board in September.

C. Mrs. Nickerson's memorandum titled "CalPERS Unfunded Pension Lump Sum Prepayment amounts and updated Hypothetical Termination Liability Information", dated August 4, 2017, was presented to the Board for consideration and possible action. The information presented by Mrs. Nickerson showed that the District's unfunded liability for Classic Members is \$487,174 and is \$789 for PEPRA members. Mr. Quesnel noted that the liability went from \$382,000, in May 2017, to \$487,000 in August 2017; an increase of \$105,000. He said the

\$487,000 liability represented the amount the District was behind on their obligations primarily because CalPERS assumed a 7-7.5% return on their investments but only realized a 2-2.5% return. Director Oudegeest asked, if the Board were to make the payment and CalPERS continued to use 7% (which they are not getting), could CalPERS come back next year and say the District owed another \$300,000. Mr. Quesnel said absolutely. Mr. Mitchell said until CalPERS changes their projections to what actually happens, the District would continue to receive bills for the shortage. Director Lindquist said it will take another 20 years before the pension system would see results from the changes CalPERS made to pensions. Therefore, unless the District buys its way out, the liability obligations would continue. Mr. Quesnel said one thought was, since the District had the funds, to pay the liability. That way, the District would not have to go to the rate payers for more money if CalPERS required immediate payment.

A motion was made by Director Simpson and seconded by Director Oudegeest to execute the lump sum payment of approximately \$487,000 for the Classic unfunded pension liability. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

A motion was made by Director Simpson and seconded by Director Oudegeest to execute the lump sum payment of approximately \$789 for the PEPRA unfunded pension liability. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

Director Simpson said he would be available to go to the bank to make the wire transfers during the week of August 21.

X. Administration:

A. The list of Follow-up Items from the July 14, 2017 meeting was presented to the Board for consideration and possible action. Mr. Quesnel said he did not follow up with Placer County about red tagging a property if sewer service was disconnected because the property owner in question responded to a certified letter. He also said he still needed to follow up a second time with three or four property owners that did not respond to the fuel tank letter. Director Lindquist said he would continue to try to get more information from other agencies regarding CERBT and PARS investments.

Added to the list was Director Stockton's look at whether or not the District should fund its own health plan. Director Lindquist said one question would be whether or not CalPERS allowed pension plan participation without healthcare participation. It would also have to be determined what obligation the District had to the employees regarding healthcare benefits.

B. The Status of Action Items remaining as of the August 2017 Board meeting was presented to the Board for consideration and possible action. No changes were made.

XI. Closed session pursuant to Government Code Section 54957

- Public Employee Evaluation Performance of General Manager
- Public Employee Evaluation Performance of Financial Consultant

A motion was made by Director Oudegeest and seconded by Director Simpson to move the meeting into closed session. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

A motion was made by Director Oudegeest and seconded by Director Simpson to move the meeting into open session. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

Jeffrey Mitchell, District Counsel, reported out of closed session. He said the Board met in closed session to consider public employee evaluations for the General Manager and Financial Consultant. No reportable action was taken.

XII. Adjournment

A motion was made by Director Oudegeest and seconded by Director Stockton to adjourn the meeting. The motion passed by a roll call vote: Directors Simpson, Oudegeest, Lindquist, Stockton, and Heald in favor.

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