

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

Date: Friday August 10, 2018 / **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 Richard Simpson
Director Karen Heald
Director Bill Oudegeest

Director Dan Stockton was absent from the meeting

Staff members present: Anna Nickerson, Financial Consultant
 Jeff Mitchell, District Counsel

Staff member absent: Bill Quesnel, General Manager

Guests present were: Roger Drosd

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. Director Oudegeest said he wanted to mention the electric powered motor craft that was on the lake earlier in the day. It was his estimate that the craft had the ability to travel at a speed of around 20 miles per hour. He said there was a safety issue even if there wasn't a water quality issue. It was agreed a topic as to how the Board would address the issue would be placed on the next agenda.

III. Approve Agenda: The agenda was presented to the Board for approval. Director Simpson had two change requests. He asked to remove item 7 A and to move item 7 D ahead of item 7 C. He said D was the big picture of the District's relationship with SLPOA and C was a specific request for a dock upgrade. Director Oudegeest said C should be discussed before D to accommodate the member of the public in attendance. He said the Board typically moved items up the agenda if they pertain to matters in which a member of the public was present.

A motion was made by Director Simpson to move item D before item C. The motion died due to a lack of a second.

A motion was made by Director Heald and seconded by Director Simpson to remove item A, and move C to A ahead of B. 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: Mr. Quesnel's operations report was presented to the Board for consideration and possible action. Director Simpson said he had some questions but wasn't sure what to do with them since Mr. Quesnel was absent. He asked if the repairs to the tank at Donner Summit PUD's treatment plant were delayed because the road needed to be repaired first. Director Lindquist said the road that needed repairs provided access to the outfall and Director Oudegeest said the tanks were up at the front of the plant and were not affected by the road. Director Lindquist said too much time had passed since the bid was submitted so the contractor was no longer honoring the bid. Director Simpson's next question pertained to the removal of aquatic plants. He wanted to know if the District had given any thought as to who was responsible for the expense. Director Oudegeest asked what would happen to the dead plants after placing the blanket on them. Director Lindquist said he thought Mr. Quesnel would be doing further research and asked Director Simpson to send his specific questions to Mr. Quesnel.

Director Simpson said he was curious about the election. He said, based on Mr. Quesnel's report, if the District ended up with more than 250 voters, then mail ballots would no longer be an option. Mr. Mitchell said they could not do an "all mailed" ballot. They would still mail ballots but would also open a precinct if there were more than 250 registered voters. Opening a precinct for Soda Springs was unlikely but feasible if enough homeowners registered naming Serene Lakes as their domicile. Mr. Mitchell said there was a problem with the District's resolution form and that it would need to be modified before the next election in 2020. For now, an agreement had been reached regarding the language and the election would be conducted if an election was required.

Director Simpson said it looked like the construction projects were being reported on the website as well as door to door. He said he thought it was a good use of the website.

Director Heald asked about the 100' extension of the water intake pipe. She said if the pH and turbidity were worse at the 100' level, was it still something the Board wanted to do. Director Oudegeest said staff would be able to switch between the two intakes; one at the current level and one at the new level. Director Lindquist said this would provide staff with options.

Director Lindquist said, if the Board was in agreement, he wanted Mr. Quesnel to start preparing a brief plan for the District's water system with regard to wild fires. The plan would establish how the system would be operated and specifically that there could be the potential that the system would be operated in a way that it was non potable, meaning the District would be under a "Do Not Drink" order to provide more water for firefighting activities. He said some of the water district's fighting the Carr fire (near Redding) were bypassing their treatment plants to provide more water to the fire fighters. Director Heald asked what the long term problems would be with bypassing the filtration system then going back and cleaning it up. Mr. Lindquist said that would be one of the things Mr. Quesnel would look at.

VI. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the July 13, 2018, Regular Meeting; the July 2018 Check Register; Disbursements for Board Approval; and July 31, 2018, Financial Reports.

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

VII. New Business:

A. Mr. Quesnel's memorandum titled "Use of Lot A for Cellular Tower Installation" dated, August 2, 2018, was removed from the agenda.

B. Mr. Quesnel's memorandum titled "Purchase of Replacement Pump for Sewage Pump Station #1", dated July 30, 2018, was presented to the Board for consideration and possible action.

A motion was made by Director Oudegeest and seconded by Director Simpson to approve the General Manager's request for purchase of the replacement pump (not to exceed \$16,500.00) from the company in South San Francisco. The motion passed by a unanimous vote.

C. Mr. Quesnel's memorandum titled "Application for Replacement Pier, Sierra Drive", dated July 30, 2018, was presented to the Board for consideration and possible action. This item was discussed before item B. Mr. Drosd, a resident of Serene Lakes and a representative from the Serene Lakes Property Owner's Association (SLPOA), said originally SLPOA looked at repairing the dock at Sierra but found it was beyond repair. The proposal he submitted was to replace the current dock with a smaller Pier D'Nort pier. He said the new pier could be removed and stored during the winter.

Director Lindquist asked how long it would take to get the dock. Mr. Drosd said the company was offering a 10% discount if delivery was taken this year. Mr. Drosd also said he was planning to order the dock as soon as approval was received. Director Lindquist asked if there would be enough time to have the pier sent out for powder coating and received back in time for spring if it wasn't ordered until February. Mr. Drosd said he believed the pier could still be ready for spring if wasn't ordered until February. Director Oudegeest said he was concerned that the proposed smaller dock would not be big enough given the number of people who use the Sierra access point.

Director Lindquist said there were some other details that needed to be worked out before the Board could make a decision on the dock. A major issue was SLPOA's liability insurance. Mr. Drosd asked if there was a timeframe for these discussions. Director Oudegeest asked if the Board was seriously considering not approving the dock. He suggested that the Board let SLPOA place the order, get the pier powder coated and stored before winter while the Board and SLPOA worked out the agreement. Mr. Mitchell said the problem was that the District didn't currently have a document with SLPOA that covered the installation of a dock. He also said if the Board approved the dock before having the document in place there was an element of risk that there would be a pier that could not be put in the water. Mr. Mitchell said he only knew of two agreements between the District and SLPOA; the Lot 1 lease and the license agreement for access points. He said the license agreement for the access points did not appear to cover the existing dock and that the license had expired on May 31, 2018.

Director Heald said the District clearly needed a new license agreement and she felt the District held the control. She said if the Board approved the dock but could not come to agreement with SLPOA on the license agreement, which was highly unlikely, then SLPOA needed to understand that the District would not let the dock be installed. She also said the Board could

approve the dock contingent on getting a new license agreement to include boat storage, the Sierra access point and changes to the indemnification requirements.

A motion was made by Director Oudegeest and seconded by Director Heald to approve the pier as described at the Sierra access point subject to the parties reaching an agreement on a license that would allow it to be installed on an annual basis.

Mr. Drosd asked about the size of the dock. The proposal was for a smaller dock than currently exists and asked if the Board could include an option “not to exceed the size of the existing dock”. He said that would give SLPOA the option (if they wanted to spend more money) for a bigger dock.

Director Oudegeest amended his motion to approve a dock contingent on support up to the current size of 245 square feet. Director Heald seconded the amendment.

Director Simpson said the District’s ordinance said docks could not be larger than 60 square feet and the proposed dock was more than twice that. Mr. Mitchell said he thought the Ordinance gave the Board discretion to approve larger docks. Director Lindquist said it was important to get the agreement in place and wondered if the approval had to be made right away. He said, based on SLPOA’s timeline, there appeared to be a little time before the dock was going to be ordered. He felt holding off on the decision would give SLPOA time to decide if they wanted to go with a bigger pier, resubmit their proposal and give the Board time to discuss the new license agreement. He also said that would give the public an opportunity to voice their opinions.

The Board voted on the amended motion to approve a replacement dock at the Sierra access point, not to exceed the size of the current dock. The motion passed by a vote of 3-1; Ayes: Director Lindquist, Heald and Oudegeest. Noes: Director Simpson.

The Board then voted on the amended motion to approve the dock contingent on having an approved license agreement. The motion passed by a unanimous vote.

Mr. Mitchell was asked, with Director Heald’s support, to provide a draft revised license agreement by the September 2018 meeting. An item would be placed on the September agenda to discuss a new license agreement with SLPOA.

D. Director Simpson’s memorandum titled “Review of SLPOA Lot 1 Lease”, dated July 30, 2018, was presented to the Board for consideration and possible action. Director Simpson said the District lease agreement with SLPOA for Lot 1 only covered the land; it did not cover uses in the water. He said another problem was that the lease referred to Lot 1 and that Lot 1 included a 10’ setback from the waterline. Director Oudegeest said the subdivision map allows everybody the opportunity to use Lot 1 and the water. Director Simpson said there was an ambiguity in the language that needed to be cleared up with a new agreement so that it included both water and land use; for example, there was no agreement covering the dock, raft, water lines and anchors in the water at Lot 1. Director Heald said, regardless of the 10’ setback, the District now owned the lake bottom, which it didn’t own at the time of the lease agreement. If nothing else the Board needed to look at the use of the water.

Director Lindquist said one suggestion was to form a sub-committee to formulate questions and look at the history for answers. He said he didn’t want to make bad assumptions

causing unnecessary controversy. Director Simpson said he didn't want to change anyone's use or behaviors, he just wanted to make sure everything was in writing. Director Heald said, other than the license agreement that needed to be renewed, she agreed that the Sierra dock needed to be added to the license agreement. Director Simpson asked if the dock, raft etc. off Lot 1 could be added to the license agreement as well or if there should be a separate agreement for the activities in the water at Lot 1. Mr. Mitchell said leases were a big deal and didn't recommend reopening the Lot 1 lease unless there was a real perceived need to make changes; it was best to leave the lease alone. He also said, as for the insurance indemnification language, although the lease was vague, the lease did say SLPOA needed to provide insurance "to the District's satisfaction". Mr. Mitchell said, if the District were to come to an agreement with SLPOA regarding insurance in the license agreement, it would not be unreasonable to expect SLPOA to provide comparable insurance in connection with the lease for Lot 1.

Director Simpson summarized that a new license agreement could be drafted to include the Sierra dock and the facilities off Lot 1. Director Heald said the Lot 1 lease should not be reopened and she didn't think the things off of Lot 1 needed to be licensed. However, since the lease contained language about indemnification insurance, it would be important that the indemnification insurance be covered under the license agreement to an extent that the Board was comfortable. That language could then be imported into the Lot 1 lease if the vague language were ever questioned. She said it wouldn't be in hardcore writing but the courts would look to something (i.e., the lease agreement) that stated what the Board's acceptable insurance coverage was. Mr. Mitchell said he assumed that SLPOA had a single policy that would cover all property they owned, leased or licensed to use. He also said the Board would want to make sure that all the things that SLPOA was committed to were included within their insurance and that the same coverage limits applied to all agreements and activities. Mr. Mitchell also said that the District needed to be named on the policy and that the policy needed to say that the policy covered anyone to whom SLPOA was contractually committed to or they needed to provide an endorsement to that effect. Director Heald suggested, based on Mr. Mitchell's recommendation, to leave the lease as is and work on the license agreement.

Director Simpson noted that there were other issues such as paddle boards on Lake Serena and huge water toys that kids sit in and paddle around. Director Heald said those issues were not a SLPOA thing, they were general things covered by the ordinance and, given the recent use of an electric craft, she agreed there needed to be a discussion. She said the focus needed to turn to what the District would allow on the water and what it wouldn't. She said, given the current Jet Ski incident, the Board needed to add language to the Ordinance about acceptable water craft, acceptable use and who managed the activities.

Director Oudegeest said there was still the issue raised by Director Simpson about outside groups using Lot 1. Director Simpson said his reading of the lease was that SLPOA had exclusive responsibility to enforce whatever regulations existed. He also said if Lot 1 was limited to Serene Lakes property owners, renters, etc., then Peter Mayfield probably shouldn't have been given permission to use Lot 1. Director Simpson said Mr. Mayfield was given permission to take camp kids across Lot 1 to paddleboard on the lake. He suggested that maybe Mr. Mayfield should have contacted the District for permission to use the lake. Director Lindquist said he wasn't interested in pursuing a subject unless it could be shown that the community's financial wellbeing or water quality was at risk. He felt the issue was going beyond the District's responsibility of environmental protection and providing water. He wanted to rely on the good faith efforts of the

people of the community, discussing issues as needed and to get involved when an acute liability issue was defined.

Director Simpson then said he had been approached by people in the community fairly frequently asking why they cannot swim in Lake Serena. The water gets treated so why does it matter if someone swims in the lake? Director Lindquist said he would like all Directors to have the same talking points. He said the District had good rationale about why the ordinances were in place. He also said there is a process to change the ordinances if needed, with public comment. He also suggested that people could contact Mr. Quesnel with questions regarding allowed uses of the lakes. Director Oudegeest said he thought it was State law that prohibited swimming in water supply lakes. For example, swimming was not allowed in Lake Angela or San Francisco's water supply reservoir. He asked, wasn't the issue already covered in the ordinances, so why would the Board need to address the issue? Director Simpson said there was an ordinance but there were people that might say they could swim in the lake and it wouldn't kill anyone. On the other hand people using water toys might not be "swimming" in the lake but their bodies were coming in contact with the water. He asked whether there is a better way to define "swimming" since there was behavior on both sides of the line.

Director Heald suggested that a topic regarding the types of acceptable water crafts be placed on the agenda; included in the discussion could be the swimming in Lake Serena. She said the swimming issue had previously been discussed and she thought she remembered that Mr. Quesnel suggested banning stand-up paddleboards because people fall off them. Director Lindquist said the Board could start with an informal discussion then include the community. Mr. Mitchell suggested that Mr. Quesnel may already know whether or not there were State laws and/or regulations prohibiting swimming in water drinking water sources that he could provide. He thought State law/regulations might also provide information regarding other uses such as paddleboards etc. Director Oudegeest said the reason why the Board hasn't wanted to press the issue too strongly was because, as stated by Wade Freedle on several occasions, the State could come in and close down the entire lakes to any swimming given that the two lakes were connected. Director Lindquist said the Board has always been thoughtful about the science and community input before making a decision.

A topic would be placed on the agenda to discuss the types of water craft to be allowed on the lakes. Director Oudegeest asked about the issue of SLPOA allowing outside groups to use Lot 1. Director Heald said the consensus was that the Board would not regulate that use, the lease gave SLPOA exclusive use. Director Simpson noted that the lease limits both uses and users. Director Oudegeest said, for the record, SLPOA had no intension or desire to allow outside groups to use Lot 1. He said Mr. Mayfield came to SLPOA in an emergency situation with 9 to 11 kids between the ages of 6 and 8 that were unable to get to Donner Lake. Director Simpson said Bob McCormick said he didn't know where the line was for outside groups using Lot 1. Director Heald said the language in the lease was specifically crafted to say "SLPOA could use it (Lot1) in the context of the ways in which the use was allowed" so the District wouldn't have to get into telling SLPOA what they could and could not do. Director Simpson said the District can cancel the lease if SLPOA is not performing its enforcement. Director Oudegeest said he couldn't believe Director Simpson was serious about cancelling SLPOA's lease. Director Simpson said he wasn't, he was just raising a question and trying to learn more. Director Oudegeest said he didn't think suggesting that the District had the opportunity to cancel SLPOA's lease was a way to learn more. Director Simpson said "but it does". He said if SLPOA really started screwing up by letting in a lot of outside people or doing a lot of non-customary activities, the District could cancel their lease. He

also said there were people around the lake now that do not like what goes on at Lot 1. Director Heald said that was why the District specifically worded the lease to allow SLPOA the rights to use Lot 1 as allowed under the law.

Director Simpson went over the remaining pages of his memo that provided examples of water toys, Lot 1 and water-based improvements, and a pipe sticking out of the water near the former Ice Lakes Lodge. He was asked to send the pictures to Mr. Quesnel along with his question as to who was responsible for removing hazards from the lake.

VIII. Old Business:

A. Mr. Quesnel's memorandum titled "Website Rebuild Update", dated July 30, 2018, was presented to the Board for consideration and possible action. Director Simpson said he had trouble seeing the screen shots, that he looked at the website and didn't have any questions or comments. Director Oudegeest said the memo mentioned document search and he thought that would be a good thing to have.

Director Lindquist asked how many people paid using the website. Mrs. Nickerson reported that there were 88 credit card payments, 214 checks and 21 ACH payments.

B. Ms. Nickerson's memorandum titled "Resolution 2018-846 – Establishing Appropriations Limitation", dated August 7, 2018, was presented to the Board for consideration and possible action. Mrs. Nickerson said she spoke with Robert Johnson, the District's auditor, who said an argument could be made for using the population increase percentage for the unincorporated section of Placer County. The resolution was revised using the lessor percentage.

A motion was made by Director Oudegeest and seconded by Director Simpson to approve Resolution 2018-846. The motion passed by a unanimous vote.

IX. Administration:

A. A list of Follow-up Items from the July 13, 2018, board meeting was presented to the Board for consideration and possible action. Items 1, a District weather station, and 2, Director's pictures and bios for the website, were still pending.

B. The Status of Action Items remaining as of the August 2018 board meeting was presented to the Board for consideration and possible action. Mrs. Nickerson said she had been very busy lately with assessments, the website and that she had not had time to work on the Office Procedure's manual and would get back to it as soon as possible.

X. Adjournment

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

The minutes were approved at the Regular Meeting held on September 14, 2018, as part of the Consent Items Calendar. A motion was made by Director Simpson and seconded by Director Heald to approve the Consent Items Calendar. The motion passed by a unanimous vote.