

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

Date: Friday June 11, 2021 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

The meeting was teleconferenced as provided by Governor Newsom’s Executive Order N-25-20 (“Executive Order”), declared on March 12, 2020. The Executive Order temporarily granted state and local agencies certain powers to aid in the implementation of social distancing measures recommended by state and local public health officials that suspended certain Brown Act requirements.

I. Open Meeting:

Roll Call: No Directors were in attendance at the Sierra Lakes Boardroom

Directors in attendance by teleconference:

Director Dan Stockton
Director Karen Heald
Director Michael Lindquist
Director Jon Harvey

Director McCormick was absent

Staff members present: Anna Nickerson, Financial Consultant

Staff present by phone: Paul Schultz P.E. Inc., General Manager
Jeffrey Mitchell, District Counsel

Guests present by Zoom: Jennifer Morrill
Roger Drosd
Dennis Fisco
Barbara Pelletreau
Dick Simpson
Michael Shank (LRAD expert)
Allison Wagner
Tim Rustic
Tom Denzler
Brent Farr (Farr-West)

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.

A. Letter from Allison Wagner in response to Paul Schultz, General Manager's request to cease commercial activities on the lake was presented to the Board. Ms. Wagner said she submitted her comments in writing and had nothing further to add but asked if there were any questions. Jennifer Morrill, a member of the public, said Ms. Wagner was a wonderful teacher and believed she had the community's best interest at heart; Ms. Wagner had her support.

Dennis Fisco asked if the Board would move item VIII. Old Business A. Request for permission to test the LRAD Early Warning System on July 10, 2021, up the agenda. He didn't think the item would take that long.

Director Heald asked, in regard to the yoga and the letters received in support of and non-support, if Mr. Mitchell could explain, to the public, what the Board's limitations were about discussing the item, since it was not on the agenda. Mr. Mitchell said, the Brown Act limits Boards to discussing only those items listed on the agenda. The Brown Act also provides time for members of the public to speak about items, within the District's jurisdiction, that were not listed on the agenda. During the Public Comments portion of the meeting, the Board could ask clarifying questions but could not have a discussion or make decisions.

Ms. Wagner asked why the Board could not discuss the item since it was listed on the agenda; the item was listed under item II. Public Forum, A. Mr. Mitchell said since the item was listed on the agenda, the Board could have a discussion but could not make a decision since it was not listed for action by the Board.

Director Heald suggested that Ms. Wagner ask for the item to be placed on the next agenda. She said she would consider it.

Director Heald said she had no objection to moving Item VIII. Old Business A up the agenda to the beginning of the meeting before the Consent Calendar.

Director Heald asked if the Policies and Procedures, that were disseminated to the Board, had been disseminated to the public? Mr. Schultz said the Policies and Procedures had not been disseminated to the public but were available upon request. Director Heald said she had several comments, some grammatical and some substantive, that she would like to get into the Policies and Procedures before they are made available to the public. She also asked to postpone the discussion until the July meeting. There were no objections.

Director Lindquist said he would like to ask if there were any other public comments given the number of people that were in attendance; he was concerned that the discussion about changes to the agenda was combined with Public Comments. There were no other comments from the public.

III. Approve Agenda: The agenda was presented to the Board for approval.

A motion was made by Director Heald and seconded by Director Lindquist to approve the agenda with the following changes; Old Business A, SLPOA's request for

permission to test the LRAD Early Warning System, would be moved up the agenda and discussed before the Consent Calendar and Old Business C, the Policies and Procedures discussion, would be deleted and moved to either July or a Special Meeting for just that item. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

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. Mrs. Nickerson said all the comments she received were provided to the Board earlier that day.

Dick Simpson said he sent Director Stockton and Mr. Schultz an email about an hour prior to the meeting regarding the Airespring contract. He wanted to make sure his email was received. Mr. Schultz said his email was received and he had already responded. Mr. Schultz also said he knew the nomenclature was incorrect; MBS should be Mbs.

V. Operations: Paul Schultz P.E. Inc., General Manager, presented his operations report to the Board for consideration and possible action. Mr. Schultz reported the following:

- There were no violations in the month of May.
- DSPUD would be switching over to spray irrigation as soon as the irrigation system on the ski hill was repaired.
- DSPUD's NPDES Permit was approved by the State in May.
- He met with Truckee Donner Land Trust to further the discussion regarding the District's acquisition of the Serena Creek property and the property where the dam was located. He would also be meeting with the surveyors that were used for the District's acquisition of the lake parcel.
- A grant, in the amount of \$50,000, was secured from the Placer County Water Agency for the Water Quality Assessment project. He said the students began training on Castle Lake and Donner Lake and should be starting on the District's project soon.
- Governor Newsome extended the Brown Act waiver for meeting until the end of September.
- Governor Newsome declared a drought emergency for all 58 counties but did not declare any water cutbacks yet.
- A brief audit of the District's heating oil tank system was performed. He said there were seven underground and ten above ground heating oil tanks in the District. For the underground tanks, three had been removed or abandoned in place, one was in service and three had unknown status. For the above ground tanks, three had been removed and the balance were still in service. Only one of the above ground tanks had been upgraded to include the secondary containment. He would be following up. Director Heald asked that an item be put on a future agenda, after letters and follow up were complete, so the Board could decide how to proceed. She also noted that the budget did not include funds for the assistance program.
- The consumer confidence report was complete and submitted to the State. The report was printed and ready to be sent with the annual billing.

- The annual Water Rights and Water Diversion reports were complete and submitted to the State. He still needed to complete the Ground Water Extractions Report before July 1, 2021.
- Water demand was down but the percentage of flows through the plant was up. The reason for the District's increased percentage was that DSPUD's flow were down even more. He said it happens now and then but averages out over the year.

Director Lindquist thank Mr. Schultz for applying for and receiving the \$50,000 grant. He said it was a great service to the community. Mr. Schultz said he would be applying for more grants.

VIII. Old Business A. SLPOA Request for permission to test LRAD Early Warning System on Lot A in Serene Lakes on July 10, 2021, at 10:00 am was presented to the Board for discussion and possible action.

Dennis Fisco said the request was for permission to perform a simultaneous test of the LRAD Early warning system from two locations; one pole would be located at Lot 1 and one pole would be located somewhere near the filter plant or Fire Department. SLPOA also planned several informative presentations for the community on Friday evening and Saturday.

Barbara Pelletreau shared a brief slide presentation of the planned test of the LRAD Early Warning System. (A copy of the presentation is attached).

Director Heald asked about signing up for text notifications and Ms. Pelletreau said there will be a something on SLPOA's website home page.

Director Lindquist said he normally wouldn't support using the District's email list to send out information that was not District business. However, because of the importance of the information to the community, he supported sending out information regarding the LRAD Early Warning System.

Dick Simpson asked if a different message could be sent from each of the two locations. Because he was located on the edge of each of the ranges, he would like to determine which message he would be receiving. Barbara Pelletreau said she didn't think that was possible. She also said the important part of the test would be that he heard a message.

Michael Shank, the LRAD expert, said the test would be simultaneous with both the broadcasted message from the poles and a text message. He also said the purpose of the test was to show what would happen if there was an event. Mr. Shank said the test was setup to be simultaneous because there was a concern about confusing people by continuously sending messages.

A motion was made by Director Harvey and seconded by Director Lindquist to approve the use of District property for the test and sending notices to the rate payers. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

VI. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the May 14, 2021, Regular Meeting; May 2021 Check Register; financial reports for the month ending May 31, 2021; and Disbursements for Board Approval.

A motion was made by Director Lindquist and seconded by Director Harvey to approve the Consent Items Calendar. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

VII. New Business:

A. The OPEB Actuarial Report prepared by MacLeod Watts, along with an additional funding schedule, was presented to the Board by Mrs. Nickerson for consideration and possible action. Mrs. Nickerson said an actuarial calculated the District's future liability for retiree medical benefits and that the liability increased significantly. She also proposed extending the annual \$54,000 transfer of funds to the investment account, that was setup by District, to cover the liability.

Director Harvey said he needed someone qualified in the topic to tell him what the status was and what needed to be done. He said he looked at the report and the tables but it didn't tell him what it meant. He also said he wanted to be able to say the District did not have an unfunded liability and that this was what was being done. He was not able to do that from the information in the report.

Mr. Mitchell said actuarial reports were a very specialized area and it might be helpful to have someone who prepared the report attend a future meeting to answer questions. Mr. Schultz said he could reach out to MacLeod Watts to try and get some clarification and if not, he would try to get someone to attend one of the next two meetings.

Director Lindquist asked that if the Board did not take action at this time, there would be no adverse effect and the annual payments would continue for the next few years. He suggested that the Board take its time in making a decision.

Mrs. Nickerson said the report would be needed for the annual audit because information in the report would be used for the presentation of inflows/outflows and future liabilities. She said the Board probably had a month or so to make a decision but the report would be needed in time for the audit.

Director Heald said, although she doesn't understand everything in the report, she does understand that the liability increased and Mrs. Nickerson was proposing to extend the annual payments to cover that increase so the liability would be funded. She also said the liability would probably continue to increase in the future.

Mr. Mitchell said the recognition of unfunded liabilities was an evolving area and that accounting rules had tightened. This Board decided to proactively fund the liability by putting

money into a separate account. He also said there have been discussions about the State requiring a separate fund.

Mr. Simpson said he shared some of Director Harvey's confusion and concerns when he was on the Board but over four years, he came to trust the process. He said having a person from MacLeod Watts would not help the situation because they spoke in the terms presented in the report.

A motion was made by Director Lindquist and seconded by Director Harvey to accept the OPEB Actuarial Report. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

B. The District's previous Water Conservation Plan and Water Conservation Newsletter was presented the Board for discussion and possible action. Director Heald said, although the State had not yet and may not mandate water conservation measures, she believed the community had an obligation to be good stewards with the water and conserve when possible. She also knew that water conservation on the summit might only have a minor impact, if any, on the downstream flow due to water evaporation and other losses,. However, in 2016 when the District passed their water conservation program, homeowners from severely restricted areas would say they liked coming to the summit because they could use water as they pleased. She said the District was doing a good job at addressing leaks and, with the number of homes sells, fixtures probably weren't a problem either. She said, even though the State mandate that originally required the ordinance was no longer in effect, she would like to see the Board review the section that dealt with outside watering, Section 1, and re-adopt it. Director Heald said she would also like to re-educate the public.

Director Harvey said he would like to postpone the discussion because he didn't receive the information. Director Lindquist said he would like to discuss the item in July and asked that staff provide a proposed ordinance.

VIII. Old Business:

A. SLPOA's request for permission to test LRAD Early Warning System on Lot A was discussed earlier in the meeting. This item was discussed earlier in the meeting.

B. The Lake Management Plan Review Committee presented updates to the Dock/Pier Application for discussion and possible action. Director Harvey said he would be referring to the redline version of the Lake Management plan, numbered page 37b of the packet. He said where the text read "to be changed by the Board" or "the General Manager" or whoever the authority was, was changed to "the District". He said District was chosen because some determinations could be made by staff, the General Manager or the Board. He said under vessel storage on District property, the Committee added language to be more specific. For example, a boat needed to be stored 6" off the ground. He also said in Section 30.16, the Committee clarified what typed of electric motors were allowed on the lake. The Committee wanted to make it clear that only trolling type electric motors, with a maximum speed of 3 mph, were allowed; some battery powered motors could be quite powerful.

Director Heald said she saw that the term “non-motorized” in Section 30.05 was taken out but couldn’t remember why. Director Harvey said he didn’t have an answer to her question. She also said, in regard to personal property on the strip, during the development of the original plan, there was a lot of discussion about what was and wasn’t consider “portable personal property”. She said she would like the ordinance to reflect that the General Manager had the final authority to decide what was or wasn’t portable personal property, with a possible method of appealing to the Board. Director Harvey said, after hearing Director Heald, he agreed that increasing the visibility of the authority and giving the General Manager discretion would be helpful.

Director Lindquist said he was comfortable with the language of Section 30.06. He felt the revised Ordinance was clear. Director Stockton agreed. Director Heald said she agreed with keeping the language simple but wanted to make sure the language was clear that the General Manager had the authority to make the decision about portable personal property to avoid push back from the community. Mr. Schultz said he was fine with the original proposal and with a homeowner’s ability to appeal to the Board. Mr. Mitchel said in that case, the language should be clear that an appeal to the Board was acceptable or not and if an appeal was not acceptable the next step for a homeowner would be court.

Director Harvey said the ordinance didn’t say anything about portable or non-portable but based on the comments more definition and a segue to the enforcement process would be helpful.

Director Harvey said there were minor changes to Attachment A and unless any Director’s had additional comments, Attachment A was complete. Mr. Mitchell said he had a couple comments. One was a reference to “annual permits” that was taken out of one spot but not another. There was also reference to a fee for an initial review and an annual review. He wasn’t sure if the intent was to charge people for an annual review or not.

Mr. Schultz said, the changes made to the “Indemnity Hold Harless Agreement” were to clarify ambiguities and expand the section where parties were not adequately defined. For example, “families and guests” were added to “agents, consultants and representatives etc.”. Mr. Mitchell said he was fine with the changes.

C. Mr. Schultz and Mr. Mitchell updated the Board on the progress of the District’s Policies and Procedures Review. This item was continued to the July meeting.

D. The Draft Operating Budget was presented to the Board for discussion and possible action. Mr. Schultz said earlier in the day, a highlighted version of the “Draft 7 Year Summary of Infrastructure Projects”, showing the changes made from the May meeting, was provided to the Directors. He said the changes were not due to an increase in Farr West’s numbers, the increase was because he provided the wrong numbers. He also said the costs would show up under the current budget year because that was the year the contract was signed but the costs would be invoiced over the next couple of years when the work was done. He also said a budget was a plan and should only include the things that were planned to be done. Future projects should not be part of the Budget it should be part of the District’s reserves. Mr. Schultz explained it as having two coffee cans; one to hold the money for the operating costs and one to

hold the money for the projects, currently the Placer County Treasury Fund holds the money for future projects. He also said, excess funds from the Operating Budget would get returned to the reserves, i.e., the Placer County Treasury Fund. Mr. Schultz said he would like to see the Board set a minimum reserve for emergency and unplanned work and a Capital Improvements fund for capital projects.

Mr. Schultz said the seven-year summary reflected an estimated \$622,814 return to reserves for 2020/2021. Director Lindquist said the table at the bottom of the seven-year summary showed the funds available at the beginning of the year, the funds returned to reserves and the costs of the proposed capital projects. He also said that the costs in the "Operating" column showed up every year but were place holders in case the work had to be done. However, those operating costs were not occurring every year. Director Lindquist said he asked for the table to be added to the seven-year schedule to provide clarity so the Board would know if changes needed to be made to the capital improvement project schedule or if additional funding needed to be secured. He also said Mr. Schultz suggested having a reserve account, also known as a rate stabilization account, with a Board determine amount, to pay for unexpected items. Mr. Schultz said, in September or October, he would like to present a revised budget format and proposed reserve accounts. He felt the changes would make the District's budget easier to understand for both the Board and the community. He also said he would be proposing to establish a capital improvement fund, an operational reserve or rate stabilization fund and an emergency and unplanned project fund. Director Lindquist said although the District had a large reserve now, those funds won't always be there. The Board would need to set a target to protect the community against unexpected circumstances.

A motion was made by Director Heald and seconded by Director Lindquist to approve the budget as presented. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

E. Engineering Services Contracts with Farr-West Engineering for fiscal years 2021-2022 and 2022-2023 Capital Improvements Plan were presented to the Board for discussion and possible action. Mr. Schultz asked the Board to approve all five Farr West contracts so they can begin the design work for the sewer infrastructure rehabilitation and the sewer manhole replacement projects with the other three projects to be completed in fiscal year 2022/2023.

A motion was made by Director Harvey and seconded by Director Lindquist to approve all five Farr West contracts. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

F. An Engineering Services and Fabrication Contract with Great Basin Controls for new Programmable Logic Controller(s) (PLCs) and Human Machine Interface (HMI) for the District's water plant were presented to the Board for discussion and possible action. Mr. Schultz said the existing plant was built in the 1980's. The proposed project would replace the controller, move it out of the unfavorable environment it was located in and provide the capability to operate the plant fully manually from a separate computer system. The plant would be able to be run the plant anywhere from fully automated to fully manually. Mr. Schultz noted that the contract did not include a 20% contingency.

Director Stockton asked what would happen if the District was hacked. Mr. Schultz said the plant was already on a separate computer system with a separate fire wall. He also said if something strange happened and the District was hacked, the new system would allow staff to continue to operate the plant.

Director Harvey said the contract was not included in the packet, he only had the memo. Director Lindquist said he didn't have the contract either. Mr. Mitchell said the contract was in the same form as the previously approved contracts. He said the Board could wait to see the actual contract but he was representing that it was in the same form. Mr. Schultz said he would prefer that the Board approve the contract but could wait until July if needed.

Directors Heald and Stockton said they would be willing to approve the contracts. Director Lindquist said, although he agreed with the work, he would be voting no, not because he didn't think the work should be or that the contract wasn't in the correct form, he would be voting no because he wanted to see the entire contract come before the Board before it was approved. Director Harvey said he was inclined to do the same but felt Director Lindquist sent a clear message.

A motion was made by Director Heald and seconded by Director Harvey to approve item 8F. The motion passed by a 3-1 rollcall vote: Directors Stockton, Heald and Harvey voted yes. Director Lindquist voted no.

G. Information Technology Contracts with Logically, Inc. for physical improvements to the District's IT infrastructure, IT security and managed network services were presented to the Board for discussion and possible action.

H. An Information Technology Contract with Airespring for fixed wireless internet services was presented to the Board for discussion and possible action.

I. An Information Technology Contract with Broadvoice for over internet protocol (VoIP) telephone service was presented to the Board for discussion and possible action.

Mr. Schultz said the internet service Airespring would be providing would be 100x faster than Lake Tahoe Online, the District's current provider. Director Lindquist shared a chart showing that although the cost of internet would be significantly higher, the cost of telephone service would be significantly lower. The combined total of Airespring and Broadvoice would be about \$12,728/year for much better service compared to the \$11,495/year the District was currently paying for similar functions but terrible service.

Mr. Schultz asked that the Board approve the contract for Airespring and authorize the agreements for Logically and Broadvoice pending Mr. Mitchell's tolerance of the master service agreements. He also said Mr. Mitchell had reviewed the proposals but had not finished a review of the Master Contract. Mr. Mitchell said it was likely that the master contract was standard, would probably be unfavorable to the District but that the District wouldn't have a choice.

Director Lindquist said he noticed that the contract with Airespring was for 36 months and was concerned the District would be tied to a contract if better service became available, given the continuous changes to technology. Mr. Schultz said it was a very competitive market and carriers buy out other contracts all the time.

Director Lindquist said he was not able to decipher what Logically's \$472.00 monthly fee was for. He asked if there was language that describe what they were going to provide. Mr. Schultz said the fee would provide a Help Desk, remediation for hardware or network issues, performance monitoring with equipment, computer software updates and would remotely monitor the District's network. It would provide security above the basic management services.

Mr. Simpson said he didn't see anything in the Airespring contract regarding a performance guarantee. Mr. Schultz said he believed it was referenced in the additional services and equipment and features link.

Mr. Simpson said his other question had to do with the CAT 5 cable that Airespring required. He asked if there would be a conflict with the CAT 6 cable that was already installed. Mr. Schultz said CAT 6 was installed at no additional money and he would not want to have too re-cable the office if technology advanced.

A motion was made by Director Harvey and seconded by Director Heald to approve items 8G, 8H and 8I known as the Information Technology contracts. The motion passed by a rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

IX. Administration:

A. A list of Follow-up Items from the May 14, 2021, Board meeting was presented to the Board for consideration and possible action. Mr. Mitchell said he was comfortable with the District contributing to the LRAD Warning System. Mr. Mitchell was asked to provide the General Management with something in writing stating that the District could contribute to the LRAD Warning System in case the Board decided to provide funding.

B. A Status of Action Items list was presented to the Board for consideration and possible action.

- 1) AMR Data Collection – Meter installation continued. Data collection had begun. No change made.
- 2) District's Policies and Procedures – The discussion was carried over to the July 2021 meeting.
- 3) District's ownership of the Dam – Mr. Schultz was still working with TDLT and a plan of action was developed. Waiting for implementation.
- 4) Upcoming Metered Rates – no changes made. Mr. Schultz said he spoke with a gentleman who was experienced in helping District's design rate structures. Director Lindquist said he would recommend that the term "rate study" be used. It would be a comprehensive look at revenues, expected expenditures and how to apportion the costs.

- 5) Develop recommended method for providing customer access to their personal water use data – Mr. Schultz said he and Director Lindquist met with a representative of Badger Meters. Director Lindquist said Badger Meters already provided a web-based desktop or mobile tool that would allow customers access their data. He said the next steps would be to figure out what information was important to the community, determine which tools provided the necessary features and present examples to the Board.

Mr. Simpson said in regard to item 4, the item was intended for Mr. Schultz to setup a schedule showing the steps the District would need to take to get to 2025, not to bring consultants in to figure out what the rate structure should be. Mr. Schultz said he would put together a brief schedule and that one of the first tasks would be for him to contact Mr. Chris Corn at HDR.

X. Adjournment

A motion was made by Director Harvey and seconded by Director Lindquist to adjourn the meeting. The motion passed by a unanimous rollcall vote: Directors Stockton, Heald, Lindquist and Harvey.

The minutes were approved at the Regular Meeting held on July 9, 2021, 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 unanimous rollcall vote: Directors