

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

Date: Friday October 8, 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 Jennifer Jackson

Director absents from the meeting

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: Tim Kustic, SLPOA
Dick Simpson
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. Tim Kustic introduced himself as SLPOA’s new liaison to the Water District; he took over from Roger Drosd. He said his main duty was to keep apprised of Water District agenda items of interest to SLPOA and report back to the SLPOA Board. He would also bring SLPOA items to the Water Board when necessary.

Director Stockton read the following announcement from Paul Schultz, General Manager.

General Manager's Resignation:

President Stockton

I regret to inform you that I am resigning my position as General Manager with the Sierra Lakes County Water District {District}. Unfortunately, I am unable to continue to carry out the responsibilities of my role and feel that it is in the District's best interest that I resign my position as General Manager effective December 7, 2021.

This was not an easy decision and I do hope that my departure does not cause the District or the community any hardship or inconvenience. Please feel free to reach out to me if I can assist with retooling the position, finding a replacement or anything else to make the transition as smooth as possible.

Thank you for the opportunity to have served the District and the Serene Lakes community.

*Sincerely,
Paul A. Schultz, PE*

Director Harvey asked if the Board would have an opportunity to discuss Mr. Schultz's resignation. Director Stockton said yes and that a committee would be assigned

V. Oaths of Office: The Oath of Office was administered to Jennifer Jackson, the newly appointed Director who replaced Director McCormick.

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

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

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. Mr. Schultz said comments were received from Mr. Simpson regarding Item IX A proposed contract with HDR.

VI. 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 at the Donner Summit PUD (DSPUD) wastewater treatment plant in September.
- DSPUD would be switching from spray irrigation to snow making as of October 8, 2021. Upon completion of the Soda Springs Road bridge, discharge to the South Fork of the Yuba River would resume.
- DSPUD would be welcoming two new board members, Joni Kaufman and Dawn Parkhurst who would be replacing Bob Sherwood and Sara Schrichte.
- Lake Management plan was to be discussed later in the meeting.

- The Policies and Procedures Manual was postponed to the November meeting to provide more time for Director comments and for Mr. Schultz and Director Heald to meet regarding final changes.
- Annual Dock/Pier inspection was complete. Letters were sent to homeowners with issues. All homeowners had responded stating they would correct the problems or made appointments to meet with him.
- The letter from the State Water Board, authorizing use of the District's well with the new arsenic filtration system, was received. The arsenic treatment system would be operated through the end of October collecting samples for submission to the State for final approval.
- A notice was received from the State Water Board stating they were reviewing the District request for exemption from the Water Right Curtailment mandate. No changes would be made until a final determination was received.
- The District's capital improvements program was progressing. The items scheduled for 2021 were 90% complete. Plans and specs were reviewed and sent back to Farr West. It was discussed that all projects would be consolidated into one project and moved to next year due to supply chain issues and the lateness of the season.
- Water treatment plant improvements were going well. He anticipated the upgrades would be complete and tested before the next meeting.
- He said he contacted Director Lindquist regarding the Meter Pit contract as requested at the September board meeting. He said Director Lindquist was not ok with the procedure but felt a good contractor was selected and, knowing that time was of the essence, approved issuance of the contract to A-1 Testing and Maintenance.
- He met with a representative from HDR regarding a rate study. He also met with Director Lindquist regarding HDR's proposal, changes were proposed and accepted by HDR. Since Director Lindquist would not be resigning until after the November meeting, Mr. Schultz said a review and approval of the proposal could wait until November.
- Information technology improvements were going well. There was some trouble with internet speeds so the supplier would be sending a new device that would switch carriers.
- CalFire would be up October 11th and 12th to provide defensible space management. Due to recent fires, CalFire crews were unable to get up to the District so some of the work was done by District employees.
- There was nothing to report on the Water Quality Assessment.
- There were no sanitary sewer overflows in September.
- He met with an ACWA/JPIA representative regarding loss prevention.
- He was currently working on above ground petroleum storage tanks. All but two homeowners, with above ground tanks, had contacted him to arrange a time to look at the tanks. Homeowners with underground tanks had until the end of November to complete their required testing.
- Water tanks were cleaned and inspected. No issues found.

Mr. Schultz said, in response to Director Stockton's question about the number of underground tanks, two people had removed their underground tank leaving four.

Director Harvey said, looking at the five-year water flow chart, he noticed that the flows for the current year were trending lower and asked what Mr. Schultz contributed that to. Mr. Schultz said, in regard to the sewer flows, it was the aggressive management of I&I and encouraging people to use less water. He also said the water use was highly dependent on occupancy and attributed a decrease in occupancy to the smoke from the fires. He didn't think the reduction would be permanent. Director Harvey said he noticed that a lot of the homes, that were rentals, sold over the last year.

Director Jackson asked what the process was for providing comments on the HDR contract. Mr. Schultz said she could provide comments at the meeting or in writing. She also asked Mr. Schultz to share his reply to her regarding I&I. Mr. Schultz said they had a good idea where the I&I was and attributed most of it to gaps in the grade rings of manholes. He estimated there were 25 manholes with issues and 16 were scheduled to have chimney seal installed next year as part of the consolidated capital projects.

VII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the September 10, 2021, Regular Meeting; September 2021 Check Register; financial reports for the month ending September 30, 2021; and Disbursements for Board Approval.

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

VIII. Old Business:

A. The Lake Management Plan was presented to the Board by Director Harvey. Director Harvey said, with the help of Director McCormick, ministerial and substantive changes were made to the District's Property portion of the Ordinance. He said he believed the District's Property portion of the Ordinance was ready for approval. He also said that he didn't feel comments received from Ms. Mansell and Mr. Simpson would require any changes to the Ordinance as presented because the comments received pertained to issues at some of the access points and thought the Board could address those items in the future. Mr. Schultz said he agreed with Director Harvey's summary, recommended that the Board adopt the Ordinance as presented and revisit the other items separately.

Director Jackson asked about Section 30.05 - the removal of boats that were not stored properly. She said she wasn't sure that the District could require homeowners to remove boats back at least 25 feet from the shore because that could be on their property. Mr. Mitchell said the assumption was that the District owned the lake bottom up to the highwater mark and agreed that 25 feet was not correct because the distance varied around the lake. Director Jackson suggested changing "25 feet" to "the highwater mark".

Mr. Simpson said the title of the chapter was "Use of District Property" and although Director Jackson's point was valid the chapter was not addressing people pulling boats onto private property; the chapter was talking about people using District property. People could pull

their boats onto private property and the District would have not jurisdiction. Director Lindquist agreed that once the boat was pulled back on the private property the ordinance no longer applied.

Mr. Simpson said he wasn't sure how to interpret the comment that some of the other issues would be resolved later. He said the whole point of him submitting his comment was to help clarify issues he thought were ambiguous and thought could be addressed quickly. Director Stockton said he thought the comment was referring the Ms. Mansell's issues. Director Harvey was asked to work with Ms. Mansell regarding her issues.

Mr. Simpson said the one issue that should be addressed was whether or not SLPOA was registering all boats on the lake or just boats stored at the access points. Mrs. Nickerson said the District maintained registrations of lakefront property owner boats and SLPOA handled the registration of boats stored at access points. She said, if you were not a lakefront property owner and were not storing your boat on District property at an access point, you were not required to register your boat.

A motion was made by Director Harvey and seconded by Director Lindquist to accept the Ordinance with a blank number as prescribed without change. The motion passed by a unanimous rollcall vote: Directors Stockton, Heald, Lindquist, Harvey and Jackson.

B. The discussion regarding the Policies and Procedures Manual and Employee Handbook revisions was postponed to the November meeting. Director Heald said she spoke with Mr. Mitchell and Mr. Schultz and they agreed that the language of the policies and procedures would be cleaned up and resent to all the Directors for comments. In addition, any policy or procedure that was removed would be sent to the Board members. Director Heald and Mr. Schultz would be meeting prior to the November meeting to finalize the language. She said she really wanted the language cleaned up before the policies were presented to the public. She also asked that the other board members submit their comment before the end of the month.

IX. New Business:

A. A Proposal and Contract with HDR Engineering, to provide a Water Rate Study, was presented to the Board for consideration and possible action. Director Lindquist said the rate study was one step of many for setting new rates and felt having a company with experience would be beneficial. However, the District had two utilities, water and sewer, and the proposal was only for water rates. He said it would also be a good time to look at connection fees. Director Lindquist said the process should be transparent and the District should work with a group who was experienced and knowledgeable.

Director Harvey said he felt the Board should set expectations for the community. He said there should be something posted on the District's website under Water and Sewer Service that would provide information about the program. Director Lindquist said it was a good idea to provide property owners with an understanding of the process. He also said another consideration would be timing of discussions; should the discussions happen at a time when homeowners could attend meetings.

Director Lindquist said there were other items that needed to be addressed prior to a rate study. He said the statutes stated that the District could only charge customers the cost of running the District and that charges would be based on how much water was used. He also offered a scenario where the fixed portion of the rate was high enough that it would essentially be a flat rate. Mr. Mitchell said the District needed to balance the constitutional requirements with the requirements for setting rates in California. He said because of that, he was in favor of bringing in someone with expertise. He also said the first step was knowing what the capital projects were and what the ongoing operating costs were. Mr. Mitchell agreed that there were decisions to be made about fixed costs and variable costs. Mr. Schultz said determining the needs would be easy since it was a small district. However, determining the price for future projects would be difficult.

Director Jackson asked if the rate study would include other financing options for capital projects. Director Lindquist said if an item was identified as particularly large, the project might trigger an alternative funding mechanism.

Director Harvey said, with both Director Lindquist and Mr. Schultz leaving, the Board needed to have a plan. Director Lindquist said there was time to form a subcommittee and decide how to approach the process. Director Harvey said the Board needed to appoint someone to work with Mr. Schultz on a transition plan. Mr. Simpson agreed that a couple of Board Members needed to be involved. He said his suggestion would be to take a step back and develop a three-year plan for reaching the goal by January 2025 then a rate study could be done. Director Heald said a Director with expertise would need to be on the committee. Director Stockton said he could help if someone could help him.

Director Harvey said he would volunteer to work with Mr. Schultz on a transition plan.

Mr. Mitchell said, because Mr. Schultz notified Director Stockton of his intent to resign after the agenda was posted, the Board could add the item.

A motion was made by Director Jackson and seconded by Director Lindquist to add an item to discuss Mr. Schultz's resignation. The motion passed by a unanimous rollcall vote: Directors Stockton, Heald, Lindquist, Harvey and Jackson.

Director Lindquist said, with the General Manager leaving, the Board had an opportunity to think about the position and the job duties. Other considerations were contractor or employee, full-time or part-time. Director Heald said previously, Directors Stockton and Lindquist sent out notices to recruit and interviewed the prospective candidates.

Director Heald asked to hear from Mr. Schultz. Mr. Schultz said he didn't want to leave the District but he would like to retool the position to be more manageable. Currently the position was not workable. He said he was in charge of everything and had nowhere to delegate anything and every meeting resulted in another new assignment. He also said he would like to work with a couple board members to see if the position could be retooled to provide the District with a better General Manager.

Director Heald said she, with Director Harvey, would like to meet with Mr. Schultz to review the current responsibilities and determine the issues. Directors Heald and Harvey were appointed as the ad hoc committee.

The HDR proposal was put on hold and Director Stockton volunteered to work on the Rate Study.

B. Director Lindquist's memorandum regarding the District's Procurement Policy was presented to the Board for consideration and possible action. Director Lindquist said he was a big fan of transparency by letting the customers know what the District was doing and giving them an opportunity to comment. He said, as part of procurement process, it was important that the published board packet include information about what was being solicited, why it was necessary, who the award was given to and the process used to award the contract. Director Lindquist said his recommendation was to request that staff publish complete details of the procurement to the Board. For solicitations, that would include an information item on the agenda before the solicitation was made. For awards, that would include an item on the agenda for approval of all the details including the contract amount and who the award was going to.

Mr. Mitchell said, if the Board endorsed the requirements outlined by Director Lindquist, the requirements could be incorporated into the policy and procedures that were currently being revised. He said the initial "informational item" about the procurement could be included in the General Manager's operations report instead of being a separate item on the agenda.

Director Lindquist said he was fine with that as long as it included all the necessary information.

Director Harvey said he agreed with recommendation but felt the \$10,000 limit was low suggesting that it be \$25,000.

Director Jackson said the threshold wasn't clear in the document. She said the document should include thresholds with requirements like when three bids would be necessary and that those requirements would also determine when procurement information would be addressed in the Operations Report or as a separate item on the agenda.

Mr. Simpson said he thought solicitations could be handled on the website, including requests for comments. He said adding the information to the meeting packet would make the meeting packet harder to digest. Mr. Mitchell said his only issue with using the website was that the website could become so cluttered that it's hard to find anything.

Director Heald said she preferred to have the information in the Board packet. Director Harvey agreed.

X. Administration:

A. The Follow-up Items from the September 10, 2021, Board meeting were presented to the Board. Director Heald said she, Director Lindquist and Mr. Schultz met during the month to discuss heating oil tanks. She said Mr. Schultz wanted to give homeowners, who received

letters, a chance to respond. She also said there was a plan that would take a month or two to come to fruition. She also said there were some issues with the District's Heating Oil Ordinance that needed to be address but wanted to get information from the property owners first. She anticipated there would be a report in November or December.

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

1. AMR Data Collection – Meter installation and data collection continued. Data collection issues were identified and new endpoints were being swapped out in problem areas. He also said there were areas with good Verizon reception, some with good AT&T reception and some with no reception. For those areas with no reception, real-time data would not be available until cellular reception in the District improved.
2. District's Policies and Procedures – This item was postponed to the November meeting
3. District's ownership of the Dam – There was no activity on this item during the month of August.
4. Upcoming Metered Rates – The item was increased to 85%.
5. Develop recommended method for providing customer access to their personal water use data was transferred to Mr. Schultz from Director Lindquist. It was agreed that Director Lindquist would meet with Director Jackson to transfer his files to her and thought processes regarding customer access to personal water usage.

XI. The Board discussed the new “Monthly Decision to Meet Telephonically” and Director Harvey's request to discuss changing the date and time of the monthly board meetings. Mr. Mitchell said AB 361 was legislation that replaced the Executive Order that the Governor issued in March 2020. The Executive Order allowed the suspension of certain conferencing rules that normally applied, specifically the requirement that a majority of board members needed to be in the District for a meeting and the requirement that remote locations be identified on the agenda and open to the public. He said AB 361 replicated the same limitations however, the Board would now need to take action every 30 days to continue the abbreviated teleconferencing rules. The option to follow the modified rules would continue as long as the Governor's State of Emergency remained in effect and social distancing was required or recommended by state or local officials. He said, normally a meeting could be teleconferenced as long as three members were within District boundaries but that AB 361 allowed Directors to attend from anywhere.

Director Harvey said the question was whether or not holding the meeting on another day, other than on a Friday night, would be a problem for the Directors. Directors Stockton and Harvey didn't have a problem but Director Jackson said eventually should would be required to report back to her office in the Bay Area, in person, starting in December. Director Heald said she would be able to attend on any night as long as it was preset. Mrs. Nickerson and Mr. Schultz said they were flexible and Mr. Mitchell said Monday and Thursday evenings would be better for him. Director Harvey said it appeared that the meeting could be held on Mondays or Thursdays, with a preference for Thursdays. An item to discuss changing the meeting day would be placed on the November agenda. Mr. Mitchell said a change to the meeting day would require an

amendment to the District Ordinance. He also said suggested that the meeting date and time be removed from the Ordinance and adopted by Resolution. The Ordinance could be amended to read “the Board will establish by Resolution a regular meeting date.”

XII. Adjournment

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

The minutes were approved at the Regular Meeting held on November 12, 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.