

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

**Date:** Thursday February 10, 2022 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

The meeting was teleconferenced as provided by Government Code Section 54953(e), which modified the Brown Act teleconference rules during “State-declared emergencies.”. In-person attendance by the public at the District Office was not be permitted.

**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 Jon Harvey  
Director Jennifer Jackson  
Director David Keatley

Staff members present: Anna Nickerson, Financial Consultant

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

Guests present by Zoom: Tim Kustic  
Andreas Booher  
Dick Simpson  
Alice Mansell

Minute Recorder: Anna Nickerson, Financial Consultant

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

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

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

**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 she

received comments from Dick Simpson regarding the District's draft Policies and Procedures. Mr. Simpson said he would talk about his comments during the Policies and Procedures discussion scheduled for later in the meeting.

**V. Decision to Meet Telephonically:**

Mr. Schultz said the new Starlink internet was up and running, he was able to attend a zoom meeting from the office earlier in the day. He said hybrid meetings could start as soon as next month; the Directors could meet in the conference room and the public could attend by zoom.

Director Harvey said he would like to meet in person and maybe have the equipment installed by the April meeting.

Director Keatley said meeting on Thursday nights was difficult, Friday night meetings would be better for him to meet in person.

Director Jackson said her meeting in person depended on work; she would be commuting back and forth from the bay area. However, with hybrid meetings she would be able to meet on Thursday's.

Director Stockton said he preferred to meet in person as long as the spacing in the boardroom was adequate.

Mr. Schultz said he might be able to have the equipment installed by the March meeting but definitely by April.

Director Harvey said he was suggesting that the Directors could meet in the boardroom using their own computers.

Mr. Mitchell said, if the Board took action to meet telephonically, it would not prohibit Directors from meeting in person. The action would relax the Brown Act teleconferencing rules.

Mr. Mitchell said the resolutions that was adopted at the last meeting, changed the date and time to the second Thursday of the month at 6:30pm. A new resolution would be required to change the day and time.

Director Heald said her preference would be for the Board to meet in the boardroom once the equipment was installed and the public could attend telephonically.

Director Stockton said he agreed and confirmed that the Board would meet in April telephonically.

**A motion was made by Director Harvey and seconded by Director Heald to hold the next meeting telephonically as the state of emergency continues to directly impact the ability to meet safely in person and State officials continue to recommend measures to promote social distancing.** The motion passed by a unanimous rollcall vote: Directors Stockton, Heald, Harvey, Jackson and Keatley.

**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:

- Everything was going well at Donner Summit PUD's wastewater treatment plant and sampling of the river resumed with the clearing of frozen water.
- The District Engineer solicitation would be discussed under Item VIII. A.
- The District's Policies & Procedures would be discussed under Item VIII. B.
- Sewer infrastructure improvements would be discussed under Item VIII. C.
- Mr. Schultz was working with Farr West on the Capital Improvement & Replacement program and development of the Workshop and more information would be provided under Action Item 1.E.
- The Soda Springs bridge replacement project was complete. One of the District's manholes had to be relocated as part of the project. The cost to the District was \$11,192.58.
- Water treatment plant improvements were almost complete; an old control panel was removed. The plant improvements were running well but there were a few programming adjustments needed.
- The Starlink satellite installation was complete. The wireless capabilities were running well but a little slower after transferring to an ethernet connection. He anticipated the speed would increase once the new ethernet switch was installed.
- There were no updates on the Contemporary Water Quality Assessment.
- The Oregon State University candidate's Wild Fire paper was reviewed and comments sent to her and her advisor. He hoped to have something back by the April meeting.
- There were no sewer overflows in the month of January.
- Sewer demand was up and water demand was down slightly over the five-year average. He said the ground was so frozen that there was very little I&I.

Director Harvey said, on the topic of Contemporary Quality Study, Mr. Oudegeest asked if the District would provide an update on the issue of weeds in the lake for the SLPOA newsletter. Mr. Schultz said he would work with Director Harvey to provide an update to the previous letter by March 1, 2022.

**VII. Consent Items Calendar:** The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the January 14, 2022, Regular Meeting; January 2022 Check Register; financial reports for the month ending January 31, 2021; and Disbursements for Board Approval.

Director Keatley asked, in regard to the Five-Year Cash Flow report, if the numbers reflected under 2022/2023 through 2025/2026 for Capital Projects could be considered placeholders. Mr. Schultz said they were placeholders based on the previous General Manager's projections. New revenue requirements would result from the upcoming workshop.

Director Keatley said, looking at Placer County Treasurer's Fund, funds dropped off significantly in 2024/2025. Mrs. Nickerson said the District had about \$3,000,000 in the treasury fund that would be transferred as needed to cover current expenditures.

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

### **VIII. Old Business:**

A. A memorandum regarding the District Engineer Request for Qualifications (RFQ) was presented to the Board for consideration and possible action. Mr. Schultz said he, Director Heald and Director Harvey completed the RFQ and sent it out to two firms on January 24, 2022, and advertised it on the District's website. Applications were due back by February 25, 2022. He anticipated the committee would present recommendations at the March 2022 meeting. He also said the award would be based on qualifications and then rates. He said a couple of the projects on the list of anticipated projects would be started by Farr West as part of the Revenue Workshop and further developed by the selected District Engineer. He anticipated a recommendation would be made to the Board at the April meeting.

Director Harvey asked if Mr. Schultz received any feedback or questions. Mr. Schultz said the award would be based first on qualification and second rates. Director Harvey asked if the subcommittee would have an opportunity to negotiate rates after the submissions were received. Mr. Schultz said it might be possible to further negotiate after the award but it would be unfair to negotiate during the solicitation process.

Director Jackson said the Board would eventually get a list of applicants and their resumes. Mr. Schultz said the Board would receive a copy of the Statement of Qualifications, individual resumes, examples of projects completed and letters of recommendations.

Director Heald said it seemed odd to try to negotiate fees after the award. Mr. Schultz said applicants were asked for qualifications and rates sheets and that the choice would be based primarily on qualifications, since it was a professional services contract, but rates would also be considered. He said, because the applicants knew they would be competing against other firms, they would provide their best rates. However, if there was a problem with a particular rate, there could be a discussion after the fact.

Mr. Mitchell said there were two general situations for contracting. For construction projects, a formal bid process would be used and a bid would be accepted or rejected based on the bid. For services the process was a little different. He said, although there was no legal reason that it couldn't be done, it just wouldn't be fair to ask a firm to modify their rates to get the award. Mr. Schultz said he didn't like having his rate shopped around after getting the rate down as low as he could. He said it happens but he didn't like it.

B. Sierra Lakes County Water District's – Policies and Procedures (P&Ps) was presented to the Board for consideration and possible action. Mr. Schultz said the P&Ps were finalized in November and was hoping to get more feedback or comments from the Board in January. The P&Ps were put out to the public for comments and Mr. Simpson provided extensive comments. Mr. Schultz said Mr. Baird, the Operations Supervisor, pointed out a few things in the Uniform Policy that was already agreed upon but the changes had not been included. He also said, at the end of the Workplace Safety Inspection, the preparation of the Injury Prevention Manual, that was deferred, was nearly complete.

Mr. Mitchell said the Board could allow Mr. Simpson to present his comments and take questions. Or, Mr. Booher could incorporate the comments into P&Ps, allow the semi-formal committee of Directors Heald and Jackson to review the changes with a final draft for approval at the March 2022 meeting.

Director Heald said she was willing to meet with Mr. Booher and Mr. Mitchell to review Mr. Simpson's comments. She said she looked at some of them and found them to be appropriate.

Director Harvey asked that the committee provide a summary of the changes and a recommendation for each policy.

In response to Director Jackson's question, Mr. Booher said the Reserve Policy, Drug and Alcohol Policy and Workplace Safety Policy were still pending. Director Jackson said most of her comments were on the policies that were still pending. Director Heald said, due to the amount of work needed to be done on the pending policies, the Board had agreed to complete the bulk of the policies before returning to the pending policies.

Mr. Schultz said the Reserves Policy would be discussed as part of the Workshop.

Mr. Simpson's comments would be incorporated into the draft P&Ps, reviewed the Director's Heald and Jackson with a new version presented at the March meeting.

C. A Schedule of Infrastructure Projects Bidding Process, Engineer's Estimate of Probable Costs, and Release to Bid was presented to the Board for consideration and possible action. Mr. Schultz said the Sewer Infrastructure Improvements project, scheduled for the summer, included the demolition and construction of a new sewer pump station (SPS) #4 on Serene Rd, rehabilitation of portions of two other pump stations, 650 feet of new force main from SPS #3 to SPS#2, 285 horizontal feet of directionally drilled pipe under the creek bed, 500 feet of 8" line between SPS #2 and lower Lake Drive and replace or repair three manholes and five sewer laterals on lower Lake Drive. The project included two alternatives one includes replacing three manholes and the other was to rehabilitate the three manholes.

Mr. Schultz said the plans were sent out on February 4, 2022, to nine perspective bidders and posted on the Time for Bids portal. Bids were due on March 4, 2022, and a non-mandatory pre-bid conference was scheduled for February 18, 2022, at 10:00 am. He also said Farr West expected to make their recommendation by March 8, 2022. If prices align with the engineer's estimate, an award could be made at the March meeting. If prices come in high, a Special Meeting may be necessary to give the Board time to review the proposal before making an award.

Mr. Schultz said the original estimate was \$1,722,435.00 and the engineer estimate came in at \$1,644,637.50 with contingencies with the actual cost between \$1,400,000.00 and \$1,500,000.00. He also said, if prices come in high, the bid package was constructed to allow portions of the project to be broken out.

Director Keatley asked if the project was captured on the Annual Capital Projects summary. Mr. Schultz said none of the capital projects were done last year because we ran out of

time and due to the unfavorable bidding environment. It was noted that the most of the cost would be incurred next fiscal year. No action was taken.

**IX. New Business:**

A. Information regarding current Board Member Compensation was presented to the Board for consideration and possible action. Mr. Mitchell said a discussion regarding Director Compensation came up at the January meeting and that he spent some time looking at the District's old ordinances, Mrs. Nickerson did some additional work on the history and a short memo was provided on the status, statutes and locally adopted ordinances that govern compensation.

Mr. Mitchell said there were State laws that govern all water districts and each water district had it's own enabling statutes and many enabling statutes have provisions on compensation but were by and large superseded by legislation that was adopted to apply to all water districts. He said the legislation started by setting compensation at \$100.00/meeting and identifying that Directors could be compensated for no more than 10 meetings/month. The statute then allowed districts to increase compensation by a maximum of 5% per year and the increase would run off of the last time any action was taken to increase compensation. He also said directors could be reimbursed for actual direct expenses with mileage not to exceed the IRS limit.

Director Harvey said, when he joined the Board, he was not aware that he would be compensated for board meeting. Later he discovered that Directors could also be compensated for subcommittee meetings. He said he didn't feel right about it and that he wasn't sure the rate payers knew that Directors were being compensated. He said it seemed to him that it would be way too tempting for someone in the future to extract thousands of dollars a month from the District. He said he would like to see the current Board put a cap on it. He also said he would be happy with zero compensation but wanted to know what the Board thought.

Director Keatley said he wasn't sure where to start but was in support of returning to the pre-increase period of \$100.00 per/meeting and defining what a meeting was. Mr. Mitchell said, based on the way the statutes were setup, he would not recommend setting an hourly rate; the statutes provided for "a day" of service. He said he thought the purpose of the statute was for Boards to define meetings, determine which meetings would be covered and the total number of meetings to be covered. He also said, by statute, meetings would include board meetings, standing committee meetings and board committee meetings that were not legislative bodies. Also, making a determination of what would constitute providing service to the District.

Mr. Simpson said, as a former board member, prior to joining the Board he didn't know it was a paid position and that it wasn't his motivation for serving. He also said having some level of compensation would be appropriate and that it would promote a level of professionalism.

Director Heald said she got on the Board in 2012 shortly before the purchase of the lake bottom that resulted in a lot of conflict and resolution that needed to happen. She said when she became President in her second year and was on the Legal Committee, there was all day meeting over the ongoing litigation. She also said, the time spent was not just the meetings, it included the time preparing for a meeting and follow up after the meeting. Director Heald said

she didn't want to get into trying to define "how much time is a meeting" and that she agreed with Mr. Simpson that there was some value in being compensated and that she was happy to get something for all the time she was spending on District work; she too did not come on the Board for the compensation. She also said she was instrumental in reducing the number of days to four per month and that anything over that was excessive. She said had never seen abuse but if someone was concerned guidelines could be set.

Mr. Mitchell said, to increase compensation specific steps were needed but that they may not have to go through the full process to decrease the rate. However, if the Board wanted to make a change to the number of days, it would be a change to the District's Code. Director Harvey said he was fine with Directors being automatically paid for the monthly meetings but had a problem with getting paid for other meetings only if you file a form. He said it should be automatic, only be paid for board meetings but leave room to approve additional compensation, by Board action, for situations like when Director Heald was putting in so much time with the lake bottom litigation. He said he was afraid that someone in the future could take advantage and that the Board should be very transparent.

Director Jackson said compensation for meetings was a little surprising to her as well. She said there should be an agreement for Directors to be compensated, by some degree, for public meetings; meetings that were more than ad hoc committees. She said it was a small amount and that it didn't matter to her either way.

Director Stockton asked if Director Harvey was suggesting a two-meeting limit and that any additional meetings would require Board action. Director Harvey asked Mr. Mitchell if compensation could be automatic for a number of meetings and anything above that would have to come to the Board. Mr. Mitchell said that was what the District had except it was four meetings. Director Harvey said it wasn't, he could meet with Mr. Schultz the next day, submit a form and the Board wouldn't know about it. Mr. Mitchell said if it was not a regular agenda meeting, Mrs. Nickerson wouldn't know about it unless she was notified. He suggested having a structure requiring affirmative action by the Board to authorize additional compensation.

Director Heald said she disagreed with limiting compensation to only public meetings but agreed to have a total limitation. However, subcommittees could entail a fair amount of work and there should be value to that work. She said she understood Director Harvey's concern about potential abuse but Director's compensation was included on the Consent Items Calendar every month. She also didn't think the Board needed to decide the nuances for what qualifies as a meeting. Director Heald said she supported the current guidelines of four meetings a month.

Mr. Mitchell said the Code read "board meetings and up to four additional days" for a total of five days per month. Director Heald said she agreed with Director Harvey that five days was extravagant. She also said, when the ordinance was discussed, the goal was to reduce the number of days but to reach consensus, accommodations were made. She said she supported reducing the number of meetings per month, that it shouldn't be limited to public meetings and that it shouldn't be one meeting.

Mr. Mitchell said there were three variables; dollars per day, how many days and what constituted a day. Director Heald said she would be fine with a limit of three days without Board

action. Director Keatley said he supported the suggestion. Director Harvey said he wanted everyone in the meeting to be compensated, not just the person who turned in a form.

Mr. Mitchell said, the statute for a meeting, as in reference to the Brown Act, was a meeting of a majority of the Board; any agenda meeting. Another meeting could be any committee meeting where the committee was established or recognized by the Board. Director Jackson said she liked the distinction and if the Board knew two Directors were working on something they wouldn't be surprised to see additional compensation.

Director Jackson said the conversation was uncomfortable for her. She said she was able to volunteer not knowing about the compensation and that that spoke to their privilege. She also said there could be people that could serve because of the compensation otherwise, without the compensation, they would have to spend their time making money somewhere else. She said she was uncomfortable saying people shouldn't be compensated for their time.

Mr. Mitchell said other meetings that could be considered were meetings at other districts, conferences and training. Director Stockton said he wasn't interested in being compensated for attending training like ethics training.

Director Heald said Mr. Mitchell's recommendations of a meeting were great because they were very specific and clear and Mrs. Nickerson would know about them. Mr. Mitchell said it would be incumbent that Mrs. Nickerson be told about the meetings.

Director Keatley said a discussion about compensation should be included in the discussion about rates.

Mr. Mitchell said the District had a Section 2.18, that generally discusses compensation, and a separate Ordinance that set the dollar amount of compensation. He said the structure made sense especially in a year when compensation was increased; in the event the dollar amount was challenged, it would protect against a challenge of the District's Code as a whole. He recommended that the District continue the practice of having the District Code not having a dollar number and have a separate ordinance to set the dollar number.

Mr. Mitchell said he would draft an ordinance to amend Section 2.18. Mr. Booher said it would make sense to handle compensation through the ordinance and take it out of the District's Policies and Procedure. Mr. Mitchell agreed.

**X. Administration:**

- A. There were no Follow-up Items from the January 14, 2022, Regular Meeting.
- B. A Status of Action Items list was presented to the Board for consideration and possible action.

1. AMR and Metered Rate:

- a. AMR Data Collection: Mr. Schultz said staff continued to collect data and it was estimated that all meters would be installed by September.
  - b. Develop recommended method for providing customer access to their personal water use data: – Mr. Schultz said no advancement was made in January. He anticipated he would get back to the item in March.
  - c. Develop Metered Rate Structure: Mr. Schultz said he started to update the Meter Rate schedule but it was too involved to be completed for the current meeting. He would provide an update at the March meeting.
  - d. Rate Study Communication: No update provided.
2. Community Rate Workshop: Mr. Schultz said he met with Farr West to work out a plan for the capital improvement/replacement program, revenue requirements and funding options. He said they discussed having the first workshop on March 24, 2022 and a subsequent workshop on March 31, 2022. Farr West would provide an overview of the projects and planning level cost estimates. The presentation would include financial practices for public utilities, including establishment of reserves, and setting rates. Jon Christy from Moskovitz, Tiedeman and Girard, who worked on the District's USDA loans, would make a presentation on the various funding mechanism available including benefits and drawbacks. Although no actions would be taken at the workshops, the workshops would form consideration actions for the following board meetings. The item was increased to 75% complete. Mr. Schultz would send an email to Board members to determine availability. He also said Farr West's costs for the workshop would be covered under the Owner Director Contingencies on the current contracts.
  3. District's Policies and Procedures: The Policies and Procedures were advancing but remained at 95%.
  4. District's ownership of the Dam: – Mr. Schultz said Anderegg was working on the proposal for the lot line adjustments needed for the acquisition and that they could be ready by March.
  5. Retool General Manager Position – Mr. Schultz said he met with Directors Heald and Harvey as reported earlier in the meeting
  6. Index of Ordinance: Mrs. Nickerson was asked to provide Mr. Mitchell with a Index of Ordinances as discussed earlier in the meeting.

Director Harvey said he anticipated that a notice would go out to all rate payors with information about the workshop. He said Tim Kustic from SLPOA could also help in getting the word out. He said it was important for public participation and asked if the new technology could be in place by the end of March. Mr. Schultz said he would make sure everything was in place prior to the workshop.

Director Keatley asked if the Board would be provided all the information prior to workshop. Mr. Schultz said he would prepare the Board by providing as much meaningful information as possible prior to the workshop. Director Keatley said he wanted to go into the

meeting knowing whether there would be time to schedule a rate increase if needed. Mr. Schultz said he and Director Stockton were trying to avoid any large rate increases until after the new metered rate structure was implemented; they wanted to avoid confusion between metered rate structure and capital improvement costs. He said the District currently had enough revenue stream to cover all the planning and front-end work for the projects for the next couple of years. He anticipated the need for substantial rate increases was in the future.

## **XI. Adjournment**

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

The minutes were approved at the Regular Meeting held on March 10, 2022, as part of the Consent Items Calendar. A motion was made by Director Keatley and seconded by Director Jackson to approve the Consent Items Calendar as presented. The motion passed by a unanimous rollcall vote.