

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

Date: Thursday October 13, 2022 / **Time:** 6:30 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:

Directors in attendance at the Sierra Lakes Boardroom:

Director Dan Stockton
Director Jon Harvey
Director David Keatley

Directors in attendance by Zoom:

Director Karen Heald

Directors absent:

Director Jennifer Jackson

Staff in attendance at the Sierra Lakes Boardroom:

Paul Schultz P.E. Inc., General Manager
Anna Nickerson, Financial Consultant
Patrick Baird, Utility Operator

Staff present by teleconference:

Jeffrey Mitchell, District Counsel

Guests present at the Sierra Lakes Boardroom:

None

Guests present by teleconference:

Matt VanDyne, Farr West Engineering
Eric Hornvelt, Truckee Fire
Roger Drosd
Getty Gudz
Dick Simpson
Scott Whites
Regine

Minutes Recorder:

Anna Nickerson, Financial Consultant

II. Decision to Meet Telephonically:

The Board considered the continuation of meeting telephonically.

A motion was made by Director Stockton and seconded by Director Harvey to continue meeting by hybrid teleconference. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald and Keatley.

III. 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.

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

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

V. 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 none.

VI. Operations: Due to the scheduled presentation by Matt Van Dyne from Farr West Engineering, Patrick Baird, Utility Operation Manager, presented his report before Paul Schultz, General Manager.

- A. Patrick Baird, Utility Operations Manager, presented his report to the Board for consideration and possible action. He reported the following:
- DSPUD's wastewater treatment plant had no violations in the month of September, they were preparing for winter and continued to spray treated effluent on the Soda Springs ski hill.
 - The District had no sewer overflows in the month of September.
 - The treatment plant was running well and all requirements were met.
 - Water demand in the month of September decreased slightly. There was still one leak in the system that was scheduled for repair in the next week.
 - Water demand was down almost 4,000 gallons/day less than the five year average and sewer flows were down from August 2022 flows.
 - Hot spot cleaning of the sewer collection system continued. All wet well were scheduled to be cleaned in October and the District's flows through the wastewater treatment plant in September were 32%.
 - The contractor was almost done installing meter pits.
 - There was one major water leak in September that was identified and fixed. There were still 10 ongoing leaks, averaging 240 gallons/day.
 - There were currently 13 customers signed up for Eye on Water
 - Staff continued to work with the contractor on the emergency water main project that was completed the previous week. The leak on Serene Road was scheduled to be fixed on October 17, 2022.
 - Staff repaired a leaking saddle on Bluff. Staff found that the contractor used Teflon parts, that were now failing, instead of brass fittings. Director Harvey

asked if Mr. Baird knew where all the Teflon fittings were. Mr. Baird said there were still plenty in the system and would be working with Farr West over the next few years to replace them all.

- Vegetation and hazardous trees were being removed from around the lake and improving the defensible space around District buildings.
- Three escrow testings were completed in September.

Director Harvey asked how homeowners would go about contacting the District to remove trees on District property. Mr. Baird said a homeowner could contact the office and setup a time to meet at the property for an assessment of the proposed tree removal.

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

- The sewer infrastructure project was scheduled to be completed on October 19th or 20th. There were less than 1% in change orders for the project.
- The emergency repairs were nearly complete.
- The new LED lighting was installed; new lights were installed at the main building, all pump stations and the Bales pumping plant.
- He and Mr. Baird met with Eric Horntvedt from Truckee Fire about balancing defensible space requirements with managing water quality. Mr. Horntvedt would be making a presentation later in the meeting.
- Farr West Engineering's work on the acquisition Ice Lakes Dam and Serene Channel continued. Letters were sent to adjacent property owners and surveys were underway. It was anticipated that maps would be available in November.
- Information regarding vessel storage on District property was posted on the website. He said he would incorporate Director Jackson's comments into the posting.
- Placer County Flood Control contacted the District about a grant from FEMA to update the flood plain mapping of the community. He said he would be providing hydrological data for the District's watershed. He anticipated that homeowners would see a reduction in the cost of flood insurance once the maps were complete.
- There was not change on car clean fleets project. Representative from the Air Resources Control Board were coming to Truckee Donner PUD to look at equipment with conversion issues. It was anticipated that revised legislation would be presented to Legislature in March or April 2023.
- No change in leak detection.
- After the September meeting, a notification was received that the District's Water Rights Curtailment was lifted. However, the curtailment was reinstated before he Mr. Schultz had a chance to report the issue to the Board; the curtailment was 50 gallons/capita/day. Mr. Schultz said the District could not meet that requirement and could not accurately measure it because of the transient nature of the community.
- A change order for a slight increase in unit costs to Matt Weid's contract for the installation of 28 meter pits was approved. The increase was due to inflation costs.
- Truckee Donner Land Trust received a \$1.6 million dollar Wildfire Recovery Forest Resiliency grant for 305 acres just north of the subdivision. The District would be benefiting from the project because the District's hill water tank was located on property that was included in the 305 acres.

- Mr. Van Dyne and the Farr West team would be up on the 20th to perform flow testing of the District's fire hydrants as part of the development of the District's water model and master plan proposal.

Director Harvey said he was unfamiliar with the consultant installing meter pits and thought the work was being done inhouse. Mr. Schultz said he was a contractor who installed 25 meter pits last year with 28 remaining. The contractor was delayed due to supply chain issues. Mr. Baird said there were just over 50 houses in the District that needed meter pits before staff could install meters.

Director Harvey asked about the lake study. Mr. Schultz said there was no change but anticipated an update from UNR in December. Director Harvey confirmed that the data collection season was over and Mr. Schultz said the UNR student would be up in the next couple of weeks to retrieve the data monitors from the lake, process the information and provide preliminary data in December or January.

Director Heald asked for more information about the Land Trust grant; she said she wasn't aware of the Land Trust buying any property. Mr. Schultz said they didn't buy any property; they received a grant to clear dead and down wood to make the area more fire safe. The work would be taking place north of the District, towards Kidd Lake, between the Soda Springs ski hill and the northern boundary of the District's subdivision.

IX. New Business, C.

Mr. Van Dyne's "Potential Consideration of Financial Strategy for Utility Enterprise Funds" was presented to the Board for consideration and possible action. He said the intent of his presentation titled "Utility Financial Strategy Review" was to provide a high level overview to further the discussion of where the District was heading with capital improvement projects. He said he would be looking at general approach strategies for the financial status of public utilities, reserves, depreciation of debt, utility planning, rate setting and other considerations.

(A copy of the power point presentation and his memorandum titled "Potential Consideration of Financial Strategy for Utility Enterprise Funds" have been attached to the minutes).

Director Stockton asked where the capital reserve level of "1.10 times the total annual debt service" came from? Mr. Van Dyne said the reserve levels presented were typical baseline recommendations from the American Water Works Association and the Manual of Water Supply Practices M1 Manual (Standard Practice Manual for Rate and Policy Setting for Public Utilities).

Director Harvey asked if "Capital Reserve" should really be called "Capital Reserve of Debt Serve"? He said "what does a Capital Reserve have to do with Debt Service if the Debt Service doesn't have anything to do with Debt Capital"? Mr. Van Dyne said the Capital Reserve was based on the future capital improvements plan and the Debt Reserve would be 1.10 times the amount of forecasted debt; Capital Reserve would be setting aside funds to replace any capital asset with cash where Debt Reserve would be encumbering debt to replace the capital assets. He said the recent water main break was a good example for having funds available in Capital Reserves; the replacement of assets that reached the end of the useful life. He also said his presentation was to show the types of reserves used and their purposes. The District may not elect to use all of them and there were some utilities that have chosen not to use any reserves.

Mr. Van Dyne said, once the necessary reserves were identified, the Board would need to adopt policy goals through ordinances, bylaws etc. He said it would be important to set policy and not ebb and flow from the policies by using the funds for other purposes. He also said a free cash minimum balance, equal to the Enterprise fund balance less the sum of all reserves, might be a good idea.

Mr. Van Dyne said, in November, he would be providing an overview insight into utility master planning; a document that would be required for obtaining financing. He said an assessment of the District's assets would be needed to develop the master planning document. The assessment would determine what would be needed to keep the system operating at a high level. He said the Master Plan would be a thorough analysis and projection of the entire system.

Mr. Van Dyne said setting rates would follow the development of the master plan and setting of reserve policies. He said setting rates would include estimating CPI and inflation, determining revenues, adhering to fiscal policies while keeping the structure simple for ease of management and customer understanding. He also said the EPA's "rule of thumb" for determining the affordability of water and sewer service was 2.0 to 2.5%, per service connection, of MHI (median household income); based on Truckee, California's 2021 MHI, Sierra Lakes County Water District was at the low end of the MHI.

Director Stockton said he understood why Truckee's MHI was used, it was available. He asked if it would be possible to get the MHI for Serene Lakes. Mr. Van Dyne said current census data would be accepted if available. He also said sometimes supplemental data could be used if available. However, if the data was not available, a nearby location would be used. Mr. Van Dyne said if it was determined that the available data was not representative of the community, an income survey could be conducted.

Director Heald said she appreciated the information provided although overwhelming. She asked Mr. Van Dyne if he had previous experience with a community like Serene Lakes; a community consisting of second homes. Mr. Van Dyne said yes, he has had previous experience with communities like Serene Lakes. One in the Namaqua Lake area and another with the Kingsbury General Improvement District on the Nevada side of Lake Tahoe. There were a lot of second homes and a lot of low income homes. He said they were able to identify the second homes as outliers and not let them increase the MHI for the community. Director Heald said she liked that there was flexibility. Director Keatley said that could require a lot of work and may not reflect this community. He said the reality was that there was a cost to providing services and he was looking for bench marks that were more applicable.

Director Harvey asked if getting customers familiar with meter rates were covered. Mr. Van Dyne said there would be a process for providing customers with usage data and how it would calculate to fees to give them time to fix leaks before switching over to metered rates.

Before moving on to approval of the Consent Items Calendar, Director Heald asked for clarification regarding the inventory of docks and piers. She said on page 9 of the board packet, there was a dock that needed to be painted and a location where the homeowners imported sand along the shoreline. She also said she had heard people ask what "the penalty would be if they did it anyway." Mr. Schultz said he had sent a letter and made a couple phone calls but there had been no response. He said he would be reaching out to the homeowner again. He also said he

needed to consider what the environmental damage would be if they tried to remove the sand. Director Heald asked Mr. Schultz to talk to Mr. Baird to determine if the homeowner talked to him prior to dumping the sand. Mr. Schultz said he did not think the homeowner talked to Mr. Baird and he thought the sand had been dumped a couple years ago.

VII. Old Business: George Carman's proposal to Lease of property or other consideration for seasonal snow storage at 7607 Yuba Drive was not discussed. Mr. Carmen was unable to attend the meeting.

VIII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the September 8, 2022 Regular Meeting; September 2022 Check Register; financial reports for the month ending September 30, 2022; September 30, 2022 Balance Sheet; and Disbursements for Board Approval.

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

IX. New Business:

A. Eric Horntvedt, Wildfire Prevention Manager, Truckee Fire District presented information about defensible space requirements on riparian parcels surrounding the lakes and defensible space requirements in general. Mr. Schultz said he invited Mr. Horntvedt to talk about defensible space after there was an issue with a homeowner about the amount of defensible space provided on one of the District owned properties.

Mr. Horntvedt said he was hired in February to manage all things related to Measure T; the Fire District's Wildfire Prevention Fund. Items covered by Measure T included defensible space, community investments, fuel reduction around the community, evacuation, and early fire detection. He said the focus for this year was to ramp up the defensible space program, curbside chipping and green waste program, to start doing some planning for the community wildfire protection plan and to get some early investment into the community for fuel reduction programs.

Mr. Horntvedt said he and his team would be inspecting every property, not just those with homes, on a three year cycle. He said they had completed 70 defensible space inspections in Serene Lakes by request or complaint and serviced 260 piles through the free chipping and pickup program with another 20 to 40 piles to be processed in October and November. He also said anyone could schedule a free defensible space inspection on their website at www.truckee-fire.org.

Mr. Horntvedt said the goal was to have fire resilience in the community, structure hardening to protect against embers, defensible space of 100 feet of structure, proper evacuation routes, information on emergency preparedness and fuel reduction around the community to lower the intensity of fire danger in the community. He also said there were water quality issues associated with defensible space work near and around the lake that required input from the District.

Director Stockton said he asked for a defensible space inspection at his property and was amazed with the recommendations. He thanked Mr. Horntvedt and his team for all their hard work at keeping his home safe.

Director Harvey said he wanted more information about structure hardening and if there were recommendations for protecting water lines from contamination should a wildfire come through the District. Mr. Horntvedt said the Paradise fire provided a lot of information about post wildfire recovery and Measure T included investments for protecting critical infrastructure. He said there would not be enough funds to solve every pre or post wildfire issue but wanted to do as much as possible. There would also be some grant funding opportunities.

Mr. Simpson said red fir trees were dying all over the place and asked if there was anything that could be done over the next five or ten years to be prepared for the consequences. Mr. Horntvedt said it was a big issue effecting the whole state. There was a big change in the forest density, fungal and other infections. He said there would be a dead tree fund for property owners to start working on the issue.

Director Harvey asked if the District had the same issues as Paradise. Mr. Schultz and Mr. Baird both said the Paradise pipes were very shallow where the District's pipes were much deeper.

B. A \$40.00 per month stipend for Operation Personnel's use of personal cellular telephones for District business was presented to the Board for consideration and possible action.

A motion was made by Director Stockton and seconded by Director Keatley to approve a \$40.00 per month stipend for the Operations Staff for the use of their personal phones. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald and Keatley.

C. Mr. Van Dyne's presentation on Utility Financial Strategy for Utility Enterprise Funds was presented earlier in the meeting just after the General Manager's Report.

X. Administration:

A. Mr. Mitchell said a question came up in the last revision to Mr. Schultz and Mrs. Nickerson's contracts. There was a discussion about the appropriate level insurance needed on Mr. Schultz's liability insurance to cover claims made after he no longer worked for the District for an incident that occurred while working for the District. Mr. Schultz said he could get a three year tail on him policy for about 200% of his annual premium. Mr. Mitchell said Mr. Schultz was currently required to provide a five year tail but found that three years was more or less industry standard for professional liability tails; five years was unusual. Mr. Mitchell said the other consideration would be if the District would pay for the tail or if Mr. Schultz would be required to pay. The decision did not need to be made until Mr. Schultz left the District.

Mr. Schultz prepared and posted Boat Storage information on the website.

B. A Status of Action Items was presented to the Board for consideration and possible action. Mr. Schultz reported that:

1. AMR and Metered Rate:
 - a. AMR Data Collection: The item was ongoing and progress remained at 15% complete. Meters were being installed and flow information was being collected.
 - b. Develop recommended method for providing customer access to their personal water use data: – The item was ongoing and progress remained at 50% complete.
 - c. Develop Metered Rate Structure: The item remained at 85% complete. Mr. Van Dyne provided an updated Gantt Chart and the chart would be updated as needed.
 - d. Rate Study Communication: The item remained at 50%. Mr. Schultz said more information would be coming in November or December.
 - e. Board and Community Workshop: Progress remained at 75% complete. Community Workshops would be built into the Mater Plan being developed by Farr West Engineering.
2. District's ownership of the Dam: – The item was discussed earlier in the meeting.
3. Retool General Manager Position – A meeting was scheduled for October 25, 2022.
4. Gantt Chart – An updated chart was presented with Farr West Engineering's Utility Financial Strategy Memorandum and would be presented with the Action Items starting in November 2022,

Mr. Simpson said he was confused about the workshops. Mr. Schultz said the plan was to have workshops early on but it made more sense to hold the workshops after there was a developed plan.

Mr. Simpson said the Water Quality Study should be done by the time the workshops were scheduled and thought the report could be folded into the workshops. Mr. Schultz said UNR should be presenting an update within the next couple of months.

Mr. Simpson said he experienced surveyors up near his property and had a hard time believing they were surveying for the dam and creek acquisition. Mr. Schultz said a survey of the properties, above the property the District was looking at acquiring, had to be done. All corners had to be established and all structures on the properties had to be surveyed. He also said some of the properties were owned by the Land Trust and were huge making it possible to be near Mr. Simpson's property. Mr. Schultz said maps should be available soon.

Director Keatley asked about the property that was donated to the District. Mrs. Nickerson said she would follow up on the grant deed.

B. **CLOSED SESSION:** Conference with Real Property Negotiator
(GOVT CODE §54956.8):

Negotiating Parties: Paul Schultz, George Carman
Property: 7607 Yuba Drive
Under Negotiation: Lease terms

A Closed Session was held and there were no actions taken.

C. **Adjournment**

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

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