

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

Date: Tuesday, November 22, 2022 / **Time:** 9:00 a.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 County Water District Boardroom:

Director Dan Stockton

Directors in attendance by Zoom:

Director Karen Heald

Director Jon Harvey

Director Jennifer Jackson

Director David Keatley was absent

Staff members in attendance at the Sierra Lakes County Water District Boardroom:

Paul Schultz P.E. Inc., General Manager

Patrick Baird, Utility Operator

Anna Nickerson, Financial Consultant

Staff present by Zoom: Jeffrey Mitchell, District Counsel

Guests present by Zoom: None

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 none.

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

A motion was made by Director Harvey and seconded by Director Heald to approve the agenda as presented. The motion passed by a unanimous rollcall vote: Directors Stockton, Heald, 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. There were none received.

V. General Manager Interim Succession Plan:

The Board convened to discuss a General Manager (GM) Interim Succession Plan in response to Mr. Schultz's notification that he needed to cut back his hours and eventually resign.

Director Heald said, at a meeting that included Director Stockton, Mr. Schultz and Mrs. Nickerson, Mr. Schultz said he wanted to resign his position and asked that the Board start the process of finding a replacement. She said she talked with Director Stockton after that meeting and, although Director Stockton offered to help as temporary GM, it was determined that serving as temporary GM would be a conflict of interest due to his position on the Board. She also said she talked to Mr. Schultz who told her that he would stay on until a replacement could be found but would cut his hours and only work 10-12 hrs/week.

Director Heald said the Board had two things to consider:

1. Approving an Interim Plan and
2. How to go about finding a replacement GM

Director Heald said, regarding the first issue, the easiest solution would be to contact Farr West Engineering (Farr West) to see if they would be able to help during the transition. She said since the District already had a contract with Farr West, an addendum could be issued for the additional services. She said she spoke with Mr. Van Dyne and Mr. Farr and was told they would be able to help with the GM functions either directly or by supervising someone.

Director Heald said she met with Mr. Van Dyne, Mr. Farr and Mr. Schultz the day before the Special Meeting. At the meeting, Mr. Schultz said he was willing to work 10-12 hrs/week, in a supervisory capacity, and Farr West said they could provide support for the winter regulatory reporting requirements. She also said she was waiting for an hourly rate quote from Farr West for Mr. Farr.

Director Heald said, regarding the second issue, the question was how to solicit a new GM. She said when Mr. Schultz was hired, the Board discussed whether to hire an individual or a firm and decided to hire an individual. She also said the GM Operations position that was developed at the time Mr. Schultz was hired was now out of date due to Mr. Baird's new Utility Operations Manager position and Farr West's engineering services. Director Heald said the new GM position would include supervisory, legal, interface with other agencies and overseeing all the capital improvement projects.

Director Heald said she would like to propose that the Board appoint an Outreach Committee. She said she thought it would be important to have an engineer on the committee and recommended Director Harvey with either Director Jackson or Director Keatley. She asked if the Board was willing to engage Farr West to help Mr. Schultz, in the immediate future, with the understanding that Mr. Schultz would stay on to help assist in the transition of a new GM.

Mr. Schultz said he was willing to stay on with his current functions through the end of the year unless a transition out was beneficial to the District.

Director Jackson said she appreciated Director Heald's legwork and was sorry to see Mr. Schultz go but was happy he would stay on and help with the transition. She said she was happy to help with the outreach but wasn't sure what that would entail. She asked how the Board handled recruitment in the past.

Director Heald said she wasn't involved in the outreach last time, only the decision to hire an individual. Director Stockton said there were several places to look for people seeking jobs; ACWA, American Water Works and services like Indeed. He said it could be a difficult search given the special needs and the location of the District. Mr. Schultz said he wasn't aware of any of the recruitment services used when he was hired, someone had reached out to him directly. However, he thought it was a good idea to put it on Indeed and in some of the journals like ACWA.

Director Heald said Farr West had a recommendation of a person who might be interested. She said Farr West and Mr. Schultz also might have ideas of places to reach out to. Mr. Schultz said the Board needed to decide whether to continue with a contracted professional or to hire an employee. He said, if the Board went with a contractor, they might look a greater Assistant GM role or an enhanced Utility Operations Manager role for Mr. Baird given his interest in being part of the structure of the District. Director Heald said the previous Board decided very quickly not to go with an employee partly due to the cost and due to the difficulty of recruiting someone given the District's special circumstances.

Mr. Mitchell, District Counsel, said the Board might want to contact a recruiting firm to get a sense of how difficult it could be to find someone even if they chose not to use a firm. He said trying to do it inhouse could be challenging. Director Heald said they most likely would want to recruit from the Reno/Tahoe area.

Director Heald said the Board might start with approving the addendum for Farr West to provide interim help. Mr. Schultz said he didn't think their rate would be much more than his current rate of \$175.00/hr. Director Harvey asked if Mr. Farr would be providing the services. Mr. Schultz said Mr. Farr would provide oversight to whoever the appropriate person was to meet the District's needs. Director Heald said, given Mr. Schultz's availability of 10-12 hrs/week and Farr West's availability to provide 10-12 hrs/week, the GM requirement of 20 hours per week would be met.

Director Harvey said, given the balance on Farr West's contract, he wanted to get answers to some questions before making any decisions. He proposed holding off on making decisions until the December meeting. Mr. Mitchell said he wanted to look at Farr West's contract because he wanted to make sure the specific tasks noted in the contract would cover the new work required by the District.

A motion was made by Director Harvey to approve engaging Farr West in helping the current GM in his capacity as GM until the December Board meeting at which time the Board will detail of the new services. There was no second.

Director Heald said, part of the reason for the Special Meeting was because she and Director Stockton thought Mr. Schultz wanted to resign immediately. However, it was later determined that Mr. Schultz would stay on, in his current capacity, until at least the December

meeting. She said Director Harvey's suggestion to hold off on any decisions until the December meeting would give Mr. Mitchell time to review the contract and create another contract, if necessary, that could be approved at the December meeting. Mr. Mitchell said he anticipated an amendment to the current contract. Mr. Mitchell was asked to get with Mr. Schultz to determine specificity needed for the agenda.

Mr. Schultz said he would stay on in his current capacity until the end of December. He also said that would give him a chance to work with Mr. Mitchell on a new contract as a consultant after his position as GM ended. It would also allow time to determine the insurance tail needed for the existing GM contract.

Director Harvey asked if something was going to happen at the end of December. Mr. Schultz said he had some external demands in his life but they were not so severe that he had to quit immediately; he had flexibility to phase out, allowing the Board time to find a replacement.

Director Jackson summarized:

1. Mr. Schultz would stay on in his current capacity until the end of December.
2. Starting January 1, 2023, he would reduce his hours to 10-12 hrs/week.
3. Starting January 1, 2023, Farr West would be needed to provide support services.
4. Immediately start recruiting a new GM, whether a contractor or permanent employee, to take over both duties.

Director Jackson asked if any additional work had been done on the revised job description. Mr. Schultz said the job description for GM would be a separate item and that it would capture all the items he was doing plus the work Farr West was helping with in addition to the engineering functions. In response to Director Jackson question, Mr. Schultz said he was currently working 24 hrs/week. Director Jackson then asked if Mr. Schultz thought the position should be full time given the number of hours he was working and the amount of time Farr West was providing. Director Jackson also asked Mr. Schultz if he thought the new GM would still need the support that Farr West was providing. Mr. Schultz said regardless of who was in the role of GM, there would still be a need for the services like those provided by Farr West. He said the Board would never find someone who had every skill set that was available at Farr West.

Director Harvey said the way he would approach the situation would be to characterize the problem, determine the immediate resources, develop a budget to solve the problem and a long-term budget to implement the final solution whether hiring an employee or contractor. Mr. Schultz said Director Heald gave good reasoning why the District should stay with a contractor. He said an employee would probably want 40 hrs/week and he didn't think that would be necessary. His recommendation was to continue with a contractor.

Director Heald said there was a significant time pressure to find a replacement and that the last time it took six months. She said if Director Harvey, with the help of Director Jackson, thought they had time to differentiate the issues that Director Harvey articulated, then great. However, given Mr. Schultz's constraints and external pressures, recruitment needed to be a priority. Director Harvey said he wanted to have the flexibility to look into the alternatives and that if it was going to be a narrow, go find a replacement for Mr. Schultz period, task, he probably wasn't interested. Director Heald said she didn't see it as a narrow, go find a replacement for Mr.

Schultz, task because she thought some of the questions Director Harvey articulated did need to be answered before finding a replacement. She also thought time was of the essence.

Director Harvey said the Board could be spinning their wheels for a long time if a search firm wasn't consulted. He said the Board could be repeating the process in two or three years if they didn't recruit someone looking for longer engagement. Director Jackson said she was already in touch with people she previously worked with to find out who they used for recruitment. She said she would start pulling together some resources. She also said whoever they worked with would want to see a job description. She suggested that someone work with Mr. Schultz to develop a job description while others work on a recruiting plan.

Mr. Mitchell said there was a special question of person or firm. With an engineering firm, there would be a "Request for Proposals" (RFP) from engineering firms in California and northern Nevada and the firms would need to be familiar with California laws. He said Mr. Schultz was a little of both, firm and individual. Mr. Mitchell said he thought an early decision between individual or firm was important because it would shape the process. He also said the decision didn't need to be made in a couple weeks, given Mr. Schultz's ability to stay on and Farr West's ability to provide support, there was time. Mr. Schultz agreed.

Director Heald said she agreed with Director Jackson that the job description was important and asked Mr. Schultz to take the GM Operations description used for his hiring and remove the operations part and add the regulatory/legal/supervisory parts discussed to create a draft job description for Board review. Mr. Schultz said if the Board was to use a recruiting firm, the firm would not only prepare a job description, the firm would include an introduction and a description of the community as part of the service provided. Mr. Schultz said he would prepare a job description typical of a public agency and if the Board decided they were going to use a recruiting firm, the firm would revise the job description and make it better. Mr. Mitchell said that was true but the District would need to provide a description of the District's needs. Mr. Schultz said, if the Board went with an engineering firm over an individual, it was important that the RFP required a single point of contact. Mr. Schultz said he could have the draft job description done by November 28th or 29th.

Mr. Baird, Utility Operations Manager, said this was the second time since he joined Sierra Lakes that a new GM was being recruited. He said there was also three new Board members and a change in utility staff. He also said every time someone leaves, more and more information goes out the door. He then said the leadership of the District made it a fun and unique place to work and that having a point of contact was huge for the operations staff, especially in off hours like when both Mr. Schultz and Mr. Quesnel were called in the middle of the night and they came to help. Mr. Baird said, on the short term, he wanted to get an understanding of who the staff would be reporting to; Mr. Schultz or Farr West. He also wanted to know who was going to be making the decisions for the staff and who was going to be watching the budget. Director Heald said, Mr. Schultz would be continuing until a replacement was found and the differentiation was that Mr. Schultz would be the onsite/supervisory presence and Farr West would handle some of the regulatory challenges to be dealt with over the winter.

Mr. Baird said his other concern was with the major decisions the Board would be making and the amount of money that would be spent for things like the Master Plan and creating a rate study. He suggested that the Board form a Financial Committee and maybe a Leadership

Committee to make sure the bottom line was being looked after. Mr. Schultz said he thought the bottom line was being well looked after by Mrs. Nickerson and he knew the bottom line was safe.

Director Heald said the first piece of the equation regarding the interface between Farr West and Mr. Schultz, would be handled at the December meeting. Mr. Schultz was tasked with retooling the GM job description as a start for the Outreach Committee and she believed Directors Harvey and Jackson were willing to head up the Outreach Committee. The members of the Board and Mr. Schultz agreed with Director Heald's summary.

VII. 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: Directors Stockton, Harvey, Heald and Jackson.

The minutes were approved at the Regular Meeting held on December 8, 2022, as part of the Consent Items Calendar. A motion was made by Director Jackson and seconded by Director Keatley to approve the Consent Items Calendar. The motion passed by a unanimous rollcall vote.