

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

Date: Thursday May 11, 2023 / **Time:** 6:30 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

The meeting was held in person at the District Office and was teleconferenced to allow public participation.

I. Open Meeting:

Roll Call:

Directors in attendance at the Sierra Lakes County Water District Boardroom:

Director Dan Stockton
Director Jon Harvey
Director Karen Heald

Director in attendance by Zoom:

Director Jennifer Jackson
Director David Keatley

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

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

Staff in attendance by Zoom:

Jeffrey Mitchell, District Counsel

Guests in attendance at the Sierra Lakes County Water District Boardroom:

Noel Charonnat

Guests in attendance by Zoom:

Dick Simpson

Minutes 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 Harvey and seconded by Director Heald to approve the agenda. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, 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. No comments were received after the agenda was posted.

Director Stockton announced that the Board would be going into closed session. He said members of the public were invited to rejoin the meeting at the end of closed session.

V. Closed Session: The Board held a Closed Session under Public Employment (GOVT CODE § 54957) Title: General Manager

1. Appointment – General Manager Position
2. Evaluation of General Manager

Jeff Mitchell, District Counsel, reported out of closed session. He said the Board met in closed session and there was no reportable action taken.

VI. Operations:

- A. There was no General Manager’s Report for April 2023.
- B. Patrick Baird, Utilities Operations Manager, presented his report to the Board for consideration and possible action. He reported the following:
 - DSPUD had no permit violations in April.
 - There were no sanitary sewer overflows in the month of April.
 - All water treatment requirements were met.
 - There were no new leaks and operations were running well.
 - At the beginning of April, water use increased due the amount of backwash needed to process water. By the middle of April, temperatures increase and operations returned to normal. The current water temperature was 1°C.
 - Sewer flows were anticipated to increase in May due to I&I. It was also anticipated that the snow melt would be slow and beneficial to the Utility Master Plan due to the data that would be collected for analyzing the sewer system.
 - Staff was conducting I&I checks and inspecting manholes for damages.

Mr. Charonnat, resident of Serene Lakes, asked if the District was doing anything with a cell tower. He said the community needed a 5G tower for all carriers in Serene Lakes. He also said AT&T refused to run fiber optics to the home, Suddenlink was known as “seldom-link” and Starlink was expensive going up and didn’t work for people with trees. Director Heald asked that Mr. Charonnat put his concerns in writing and ask that the item be put on the agenda to allow the Board to discuss the item.

Director Jackson said she was interested in the 19 ongoing water leaks. She wanted to know if the homeowners had been notified. Mr. Baird said some were and some weren’t. Some leaks were really small and would be followed up on after enough snow melts to access the meters. He said he contacts the owner if the leak reaches a half gallon per hour. Shauna Lorance, the impending General Manager said she would take the issue and report back at the next meeting.

VII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the April 13, 2023, Special Meeting; April 2023 Check Register; financial reports for the month ending April 30, 2023; Disbursements for Board Approval. Item C, Financial Reports, were pulled off the Consent Items Calendar by Director Jackson for questions.

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

Director Jackson said her question was related to missing percentages on the Operating Budget to Actuals. Mrs. Nickerson said she would review and correct the missing percentages. Director Jackson then asked about the section "Project Expenses." She asked if the emergency mainline lateral replacement was embedded in one of the projects or if it needed its own line item? She also asked about the emergency water mainline and lateral replacement that was listed on the Capital Projects Summary. Mrs. Nickerson said the Project Expenses were smaller projects and capitalized projects were listed on the Capital Projects Summary and depreciated.

Director Keatley asked about the \$116,000.00 payment to DSPUD. Mrs. Nickerson said that was the additional processing costs from 2022 discussed in April. She said the District received two invoices; one for the 2022 additional processing fees of \$116,000.00 and one for the 2021 processing fees of \$50,000.00. All costs that had to be paid. She also said DSPUD's original budget for 2023 was around \$400,000.00 but later became just over \$500,000.00. Director Heald said unfortunately the District had no choice but to pay the fees. The only recourse for the District was to minimize the percentage of flows through the plan. She said it would motivate DSPUD to be more proactive if they had to pay a bigger percentage of the costs.

A motion was made by Director Heald and seconded by Director Jackson to approve Item C Financial Reports. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

VIII. Old Business:

A. General Manager Recruitment: Director Jackson presented Shauna Lorange as the final candidate for General Manager. Director Harvey said the process started in December, a recruiter was hired, a dozen qualified candidates were identified, the candidates were screened and the list reduced. Candidates were interviewed by the Board, and a selection was made. A final offer was made and accepted by Shauna Lorange for the position of General Manager. The contract was reviewed by both parties and there were no issues.

Mr. Mitchell said the Brown Act required a statement of the financial terms of the contract when approving contracts for executive positions. He said the Board was considering an independent contractor contract with a compensation structure of \$175.00/hour with a maximum annual compensation of \$265,000.00, with room for the Board to approve changes. The contract also allowed for reimbursement of certain expenses. Director Jackson noted that it was the same compensation that was approved for Mr. Schultz.

A motion was made by Director Heald and seconded by Director Jackson to approve the contract with Shauna Lorange for General Manager. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

The Board discussed Mr. Schultz's revised contract. Director Heald said the contract in the packet stated that the District would pay for tail insurance of three years. However, at the April meeting it was agreed that the District would reduce the tail insurance requirement from five years to three years and Mr. Schultz would pay for the tail insurance. Mr. Mitchell confirmed the change to Section 3.1.1.0 was to strike the sentence "The District further agrees to reimburse Consultant for the cost of the three year extended coverage period of professional liability insurance required by Section 4.3.5.5.3 of this Agreement, in an amount not to exceed \$4,000.00."

A motion was made by Director Harvey and seconded by Director Heald to approve the contract striking the referenced sentence in Section 3.1.1.2. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

B. 2023/2024 Draft Budget: The updated Draft 2023/2024 Operating Budget was presented to the Board for Discussion and possible action. In response to Director Heald's question, Mrs. Nickerson said the difference between the two versions of the financial reports by Enterprise (Water and Sewer) was one was calculated on the 2022/2023 Estimated Actuals and the other was calculated on the 2023/2024 Draft Budget numbers. The draft budget currently showed a deficit for both Enterprises resulting in a need for rate increases. It was also noted that the Draft Budget by Enterprise included a 10% contingency on the USDA Revenue bond debt. The Board had the option of approving the deficit budget or approve moving funding out of savings to balance the budget. Mr. Mitchell said the Board also had the option to remove items from the budget and vote to amend the budget after the approval of a rate increase. The Board also discussed the possibility of needing another rate increase with the implementation of new usage rates and the Utility Master Plan. Ms. Lorange said the Master Plan wasn't expected to be finished until November 2023. She said it would be easier to transition from a flat rate to a metered rate without a rate increase. She also said it would be important to develop a plan for both the District and the customers. Ms. Lorange said, as information becomes available, a plan would be developed.

A vote to adopt the 2023/2024 Budget would be held at the June 8, 2023, regular meeting. The Board would also start discussions and planning for a 2023/2024 rate increase.

C. Novel Constituents or contaminants in raw and/or treated water not otherwise required or recommended by any regulatory authority: SLCWD's standing agenda item, presented by Director Jackson, was discussed by the Board. Director Jackson said she had been working with Mr. Baird to learn as much as possible about cyanobacteria. Mr. Baird said staff would sample for PFAS in August and six months later. He said the State would not guarantee any waivers if PFAS was detected. Ms. Lorange said she believed there was a draft regulation for PFAS that would require testing. Mr. Baird said he would double check but believed the cost would be \$500.00 per test. Director Heald asked if additional testing would be required if PFAS was detected. Mr. Schultz said the State typically would decide on additional sampling based on the results.

Director Jackson said she and Mr. Baird attended a talk given by the professor from the University of New Hampshire (UNH) who conducted last year's study of Lake Tahoe and Serene Lakes. She said there would be additional sampling this summer at both lakes; twice in August and twice in September. She also said there would be a total of 24 samples, three different tests at two locations from each lake. Director Jackson then said Trish La Notte, from Lake Tahoe Harmful Algal Bloom (HAB) Private Citizens Group, was asking the District for \$5,000.00 to help with the portion of sampling costs related to Serene Lakes; total sampling costs were \$17,500.00. She also said she thought it would be better for the Board to hear from UNH researchers about the program before deciding. Ms. Lorance asked if the University of Nevada Reno (UNR) was involved since they were conducting a water quality study. Director Jackson said the UNR study was looking at temperature, dissolved oxygen, total dissolved solids, pH etc., important parameters that could feed into information about the cause but was not looking specifically for cyanobacteria or cyanotoxins. Mr. Baird said maybe UNR could grab some algae samples. Director Jackson said she did not think UNR had the laboratory capacity to test for cyanotoxins.

Director Heald said, to summarize, there would be a presentation in June, the proposal was for samples at two locations in Serene Lakes in August and September and the cost was \$5,000.00. She also asked when the reports would be available. Director Jackson said last year the sampling was done in July and the reports were ready in October.

Mr. Baird asked if the Board was interested in a presentation by Sierra Snow Lab regarding this year's snow load. Director Stockton said he was in favor of a presentation and Director Harvey agreed. Director Harvey also suggested coordinating with SLPOA because their summer Speakers Series at Lot 1 may already have Sierra Snow Lab on the list.

D. Sierra Lakes County Water District's financial Support of the Fire Camera

Program: was presented to the Board for consideration and possible action. Mrs. Nickerson said the item was put on the agenda for budget purposes and because Mr. Mitchell had reported that there was no legal obstruction to the District's participation in the program. Mr. Harvey said the discussion was about what the SLPOA Safety Committee was specifically asking for. He also said the Board could only approve a single year budget amount, not an annual budget amount. Director Stockton said he would move to put nothing in the budget. Mr. Simpson said he agreed with Directors Stockton, Harvey and possibly Heald, that there was a Fire District that was focused on fire and that the Water District had enough on its plate. He also said there were a thousand cameras scattered around the western United States with no methodical way of monitoring. He would not support spending Water District money on the program. Mr. Mitchell said there was a letter dated March 7, 2023, requesting a three-year commitment to cover \$2,000 annually.

A motion was made by Director Heald and seconded by Director Jackson to put \$2,000.00 in the budget for 2023/2024 to fund the camera for one year. The motion passed by a 3-2 rollcall vote: Ayes: Directors Heald, Jackson and Keatley; Noes: Directors Stockton and Harvey

IX. New Business: None

X. Administration:

A. The Follow Up items from the April 13, 2023 meeting were presented to the Board. Mrs. Nickerson said she requested help from Dowl but had not heard back.

B. There were no changes made to the Status of Action Items list.

XI. Adjournment

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

The minutes were approved at the Special Meeting held on June 22, 2023, as part of the Consent Items Calendar. A motion was made by Director Jackson and seconded by Director Keatley to approve the minutes of the May 11, 2023, Regular Meeting as presented; The motion passed by a rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley. Noes; None; Abstentions: None; Absent: None.