

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

Date: Thursday April 13, 2023 / **Time:** 6:00 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 Jennifer Jackson
Director David Keatley

Director in attendance by Zoom:

Director Karen Heald

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:

None

Guests in attendance by Zoom:

Vickie Day	Sandy
Tim Kustic	Scott White
Steven Shray	David Niemeyer
Joe Peltier	

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 Jackson and seconded by Director Keatley 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. There were no comments.

Director Stockton announced that the Board would be going into closed session. It was estimated that closed session would last an hour and a half to two hours. He said members of the public were invited to rejoin the meeting at the end of closed session. Director Jackson said members of the public would be left in the waiting room until 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. Paul Schultz P.E. Inc., General Manager, presented his report to the Board for consideration and possible action. He reported the following:

- DSPUD reported budget overruns of which Sierra Lakes County Water District's (SLCWD) share was about \$116,000.00. Also, an invoice for \$19,000 to replace UV disinfection lights was received and SLCWD would be responsible for 30%. This invoice would be included in the 2023/2024 budget year.
- A reassignment of duties to Mr. Baird included several annual regulatory reports. All annual reports were reviewed and completed.

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 March.
- There were no sanitary sewer overflows in the month of March.
- All water treatment requirements were met.
- Water use was down about 8% from the five year average.
- Sewer flows were down about 22% from the five year average.
- SLCWD's sewer flows through the treatment plant were at 27%
- The raw water temperature was currently at -2°, causing a decrease in water production. Staff would be switching to the well to help increase production. Director Jackson asked about extending the intake pipe. Mr. Schultz said the

problem with extending the intake pipe was the environmental certification due to frogs and other creatures in the area. He anticipated that the cost of the environmental certification would be more than the design and construction costs.

- There were some significant leaks found. Some leaks were due to pipes bursting.
- Staff was working with PG&E to remove snow from around telephone poles. The poles were close to some of the hydrants that were also dug out.
- Staff was able to fix the back hoe earlier than expected. The parts were received within three weeks instead of the estimated six weeks.
- Staff had been conducting daily inspections of the snow load on District infrastructure and digging out buried antennas.

VII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the March 23, 2023, Special Meeting; March 2023 Check Register; financial reports for the month ending March 31, 2023; Disbursements for Board Approval. Director Jackson said there was a correction to the minutes. On page 12 of the board packet, Item E. Fire Hydrant Snow Removal, the last sentence should read “The Board agreed that the cost was not feasible” to have a contractor dig out the fire hydrants.

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: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

VIII. Old Business:

A. General Manager Recruitment: Mr. Schultz said this was an open item and even though it was his last day, he would make himself available to help with the transition. He said the Board previously discussed a requirement of a five year tail on his contract but that he would comply with Mr. Mitchell’s recommendation. Mr. Mitchell said an insurance broker said a five year tail was very hard to get but that a full three year policy with a two year tail could meet the Board’s requirement. He also said the difference between a three and five year tail was \$5,000.00. Mr. Mitchell then said the purpose of the tail was to cover the District if something surfaced after Mr. Schultz’s departure. He said the services Mr. Schultz provided to the District didn’t include a lot of engineering and that the risk of defects was minimal. Mr. Schutz said his insurance was willing to write a three year tail and Director Heald said she was comfortable with that. The consensus of the Board was to accept a three year tail.

Mr. Mitchell said he would work with Mr. Schultz on an amendment to his contract, updating the duties.

Director Harvey said the Search Committee, with the help of the recruiter, identified multiple qualified candidates, the Board interviewed those candidates and the process would continue with background and reference checks. The Board anticipated that an offer would be extended in the next few weeks.

B. 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 nothing new to report, Mr. Baird said he was working towards getting a sampling plan together and Mr. Schultz said he received an example of a sampling plan from the University of Nevada Reno that needed to be tweaked to meet the District's needs.

C. 2023/2024 Draft Budget: Mrs. Nickerson said a random check was received in the amount of \$77,000 that referenced a 1993 Water Bond and that she was unable to find any documentation in the files regarding the Bond. However, with the Bond payment along with the recognition of budget surpluses on Operating Projects, the District was very close to breaking even for the 2022/2023 fiscal year. However, she said another invoice in the amount of \$19,000 was received from Donner Summit PUD. Mr. Schultz said that since Mr. Palmer was hired as DSPUD's General Manager, SLCWD went from having a surplus every year to having to pay a significant deficit. Mr. Schultz also said DSPUD's books were audited every year and felt the billings were legitimate, Mrs. Nickerson would be looking closely at all billings. Director Jackson asked if DSPUD had deferred capital improvements that were now catching up with them. Mr. Schultz said that was some of it.

Mrs. Nickerson said, also included with the draft budget, was a schedule showing what service rates might have been if an annual Cost of Living Adjustment (COLA) was applied. She said the schedule was not a proposal, just a visual of what the rates might have looked like. She also said she requested DSPUD's 2023/2024 Draft Budget and hoped to have it before the May draft budget presentation.

Mrs. Nickerson said, based on the current 2023/2024 Budget, the District would need to increase both water and sewer rates. However, because a Proposition 218 process would be required, the rate increase could not happen before sending out annual invoices in June. She also said a supplemental bill for a rate increase could be sent separately. Mr. Mitchell said a rate increase letter would need to include a number that could be supported.

Mr. Mitchell said there were many different COLA Rates available. Mr. Schultz said Dowl could probably make a recommendation for a CPI rate. Mrs. Nickerson would contact Dowl.

D. "Truckee Fire Protection District Annexation of Donner Summit Public Utility District fire Service Area Plan for Services" was presented by Director Heald. She said the plan included all the services the Truckee Fire District proposed to provide upon taking over Donner Summit Fire.

Director Heald said, although the entire agreement was presented, she wanted to discuss Section 6.4 Vehicles/Equipment Snow Removal that read "the TFPD personnel assigned at Station 97 will use the DSPUD loader as per DSPUD guidelines to clear hydrants in the DSPUD and Serene lakes area, and the grounds assigned to Station 97 until a loader can be supplied by the TFPD. TFPD will cost share in maintenance of the loader." She said she presumed that TFPD agreed to this contractually with the adoption of the agreement. She also said the District determined that they could not afford to clear hydrants and TFPD had taken the position that they

lost their person and loader and would not clear hydrants. With that, she said she thought TFPD had an affirmative responsibility to clear hydrants and suggested a letter be drafted by Mr. Mitchell to TFPD.

Director Jackson said under Item 2 The level and Range of Services, the agreement stated that “No change to the level or the range of services will result from the change of organization...” Director Heald said she wasn’t sure if the fire department was clearing hydrants prior to the agreement but clearly the services were considered in the document that TFPD would take over the responsibility.

Steve Shray, resident of Serene Lakes, said he could attest those hydrants in Serene Lakes had been cleared for the 24 years he had been in the District and that there had been no lapse or interruption in the service until this year. He also said SLPOA would be happy to provide support and file a complaint if necessary.

Director Keatley said it made sense to have one point of contact and if the Board agreed, the District should be the point of contact. He also said he agreed to wait a few months and then prepare for next year. Director Heald agreed that the District should be the point of contract until it was determined that community help was needed.

The Board agreed to wait a few months then have Mr. Mitchell send a letter to the Fire Marshall. Director Jackson said she didn’t see a reason to wait since the discussion was going on. Director Heald said she thought it was better to wait until the new General Manager was in place. The Board agreed.

IX. New Business:

A. Two resolutions were presented to the Board for consideration and possible action. Mrs. Nickerson said the two resolutions were required to allow the District to place annual assessments and unpaid water/sewer service fees on the Placer County tax roll.

1. Resolution2023-13 – A Resolution Authorizing the Placing of Unpaid Service Fees for Sierra Lakes County Water District on the 2023-2024 Placer County Tax Roll:

A motion was made by Director Harvey and seconded by Director Jackson to approve Resolution 2023-13. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

2. Resolution2023-14 – A Resolution Authorizing the Placing of Special Assessment for Sierra Lakes County Water District on the 2023-2024 Placer County Tax Roll:

A motion was made by Director Harvey and seconded by Director Jackson to approve Resolution 2023-14. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

X. Administration:

A. The Follow Up items from the March 23, 2023 meeting were presented to the Board. Mr. Schultz said he sent the fish stocking letter to SLPOA and had received an acknowledgement back. SLPOA said, because of all the snow, they would only be stocking 500lbs of fish this year. He also said he received the preliminary sampling plan to check raw and treated water for PFAS's. The plan would be adjusted and sampling would begin in the next couple of months. Mr. Mitchell said he investigated the Board's question regarding the fire cameras and his conclusion was that, as a matter of law, the District could contribute to the cost of fire cameras. He said under the constitutional provision of the law there was an exception that allowed the District to contribute to the fire camera program. He said an early warning system would enable the District to ensure that there was an adequate supply of water for fire protection and would provide the District time to protect its equipment.

Director Jackson said we would need to revisit SLPOA's request and discuss the Board's participation at the next meeting.

Mr. Schultz said the last two items were the LAFCO agreement that pertained to the fire hydrant discussion held earlier in the meeting and the other was the sampling plan that was also discussed earlier in the meeting.

Mr. Schultz said he would pass on the sampling plan information to Mr. Baird and that he would be happy to remain as a consultant until the new General Manager was in place. Director Jackson said his current contract was for General Manager and that there was not a contract for temporary help. Mr. Schultz said they would leave his current contract active until the new General Manager was in place.

Director Jackson said she was reminded by Mr. Baird that the General Manager was the responsible party in the event of a sanitary sewer overflow for example. She asked if that responsibility shifted to Director Stockton in the interim. Mr. Schultz said he would step in and handle the situation until the new General Manager was onboard.

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

Mr. Schulz said, as a matter of interest, his community, Tahoe Cedars, was recently taken over by Tahoe City PUD who found that Tahoe Cedars water system was in deplorable shape. The estimated cost to fix the system was \$40,000,000 with only 700 homes. He said their first public hearing was scheduled for April 21, 2023, in Tahoe City, and invited anyone interested to attend to see what their early discussions regarding rate increases and potential funding options were. Mr. Schultz said he would send the announcement to the Board.

XI. Adjournment

A motion was made by Director Jackson and seconded by Director Keatley 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 Regular Meeting held on May 11, 2023, as part of the Consent Items Calendar. A motion was made by Director Heald and seconded by Director Harvey to approve the minutes of the April 13, 2023, Special Meeting as presented; The motion passed by a rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley; Noes: None; Abstentions: None; Absent: None.