

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

Date: Friday December 13, 2019 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

I. Open Meeting:

Roll Call: Directors in attendance at the Sierra Lakes Boardroom were:

Director Michael Lindquist
Director Dan Stockton
Director Richard Simpson

The meeting was teleconferenced pursuant to Government Code Section 54953 to allow attendance by Director Robert McCormick from 400 Capital Mall, 27 Floor, Sacramento, CA 95814

Director Karen Heald was absent

Staff members present: Paul Schultz, General Manager
Anna Nickerson, Financial Consultant

Staff present by phone: Jeffrey Mitchell, District Counsel

Guests present: 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 no members of the public in attendance.

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

A motion was made by Director Simpson and seconded by Director Stockton to approve the agenda. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None. Absent: Director Heald.

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 reported that there were no comments received after the agenda was posted.

V. Operations: Mr. Schultz's operations report was presented to the Board for consideration and possible action. Mr. Schultz asked if there were any questions:

- Director Simpson asked how much work was done by the Placer County jail trustees last year. Mr. Schultz said they spent seven full days and expected that he would use them for eight days next year.
- Director Simpson said he wasn't sure what the Loprest work was for and asked if it was the filter project. Mr. Schultz said it was for the filter replacement project. He

said he had a firm fixed price for the fabrication of the vessels and needed a firm fixed price for the installation that would fit into the budget that was created by Mr. Quesnel.

- Director Simpson said, in regard to the dam ownership, he was looking at maps of the Serene Lakes subdivision and saw that the little channel along the creek didn't appear to be in Serene Lakes. He asked if the District owned the property even though it wasn't part of Serene Lakes. Mr. Schultz said he was still having a difficult time finalizing the information. He also said he sent applications for dam and emergency storage insurance to the underwriters but he wasn't convinced the insurance was necessary. He said it looked to him like the dam was actually on US Forest Service land but that all the requirements for maintenance, inspection and the Division of Dam Safety fell to the District. Director McCormick offered to help Mr. Schultz gather information regarding the ownership of the dam. Mr. Schultz said he would sent a copy of the historical information file that Mr. Quesnel provided to Director McCormick.
- Director Simpson asked about the insurance quotes and what \$5MM and \$10MM meant. Mr. Schultz said "MM" was the abbreviation for million and "M" was thousand. Director Simpson said that in circles where he worked "k" was thousand, "M" was million, and that he had never seen "MM".
- Director Simpson asked about the reclassification of the emergency generator. In response to Director Simpson's questions Mr. Schultz said the emergency generator was previously misclassified as a "duty" generator and the reclassification (as "backup") would provide the District with 5 more years before the generator would have to be replaced.
- Director Simpson said he noted that the District's flows through the wastewater plant were 11.7%. He also noted that there were 50,000 gallons/day of water pumped and only 23,000 gallons/day processed so the discrepancy was greater than last month. Mr. Schultz said that because half the pumped water was being lost, staff would be working on finding leaks in the summer.
- Director Stockton asked if the District was getting the same deal on propane that Donner Summit PUD was getting. Mr. Schultz said the District was getting the same deal for the propane but it was the administrative costs that was the expensive part that DSPUD had renegotiated.
- Director Lindquist said he had a concern about the liability associated with storing the fabricated filters on site. Mr. Schultz said the filters would be stored in the clarifier room and felt that the location was safe. Director Lindquist wanted to make sure staff did a good job of documenting the condition of the filters upon receipt.
- Director Simpson said the deal Mr. Schultz worked out with the fire station to provide housing for the filter installation crew was creative. Mr. Schultz said it would save the District about \$20,000.

VI. The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the November 8, 2019 Regular Meeting; November 2019 Check Register; financial reports for the month ending November 30, 2019; and Disbursements for Board Approval.

A motion was made by Director Simpson and seconded by Director McCormick to approve the consent items calendar. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None.

Absent: Director Heald.

VII. New Business:

A. Mrs. Nickerson's memorandum titled "Fiscal Year 2018/2019 Annual Audit Report" dated November 5, 2019, was presented to the Board for review and possible action. Director Simpson asked about the Management Discussion and Analysis that the District doesn't provide. Mrs. Nickerson said she believed that referred to the fact that the Board does not require the auditors to attend the meeting when the report is presented. Director Simpson said he thought it referred to an opportunity for the Board/District to provide an essay on what the financial status of the District was and that Mr. Johnson thought it was fine. When asked, Mrs. Nickerson said it had never been done in the past. Director McCormick asked about the negative "Changes in net position" for the Water enterprise. Mrs. Nickerson said based on the allocation of labor hours from employee timecards, the allocation of Administrative and general costs appeared to have been over allocated to the Water enterprise. Historically, 40% of the indirect costs were allocated to Water and 60% to Sewer. However, this year, based on employee timecard allocation of hours, the allocation was higher to Water than Sewer. She said she had seen inconsistencies as to how employees allocate their time on their timecards and provided an example where two employees attended the same training but allocated the hours to two different codes. She and Paul Schultz, General Manager, would review the list of codes as part of next fiscal year's budget preparation. Mr. Mitchell said long term, each enterprise needed to stand on its own and if it became a long term issue, then the rates might need to be adjusted.

A motion was made by Director Simpson and seconded by Director Stockton to accept the audit report. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None. Absent: Director Heald.

B. A request the from Serene Lakes Property Owner's Association (SLPOA) to allow construction of various improvements on Lot 1 was tabled until a later date; SLPOA's representative was unable to attend the meeting.

VIII. Old Business:

A. Mr. Mitchell's revised "Urgent Matter Protocol" was presented to the Board for consideration and possible action. Mrs. Nickerson read an email with Director Heald's comments regarding the document that she had received earlier in the day. The comments noted that Section C. Urgency Procedure should be relabeled as Section B. There were no other changes to the document.

A motion was made by Director Simpson and seconded by Director McCormick to approve the Urgent Matter Protocol procedure as proposed with the typo correction noted by Director Heald. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None. Absent: Director Heald.

X. CLOSED SESSION: A Closed Session was held pursuant to Government Code Section 54956.9(d)(2). Conference with Legal Counsel to discuss the anticipated litigation,

significant exposure to litigation pursuant to paragraph (2) of subdivision (d) Section 54956.9: one potential case – Threat of litigation by George Carmen’s email dated 12/2/19 (Section 54956.9(e)(5)).

A motion was made by Director Stockton and seconded by Director McCormick to move the meeting into closed session. Director Simpson recused himself from the discussion and left the room. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None. Absent: Director Heald.

A motion was made by Director Stockton and seconded by Director Lindquist to move the meeting out of closed session. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None. Absent: Director Heald.

Mr. Mitchell reported out of closed session. He said, the Board met in closed session to consider one matter of litigation that was contained in a December 2, 2019, email from George Carmen. No action was taken.

IX. Administration:

A. A list of Follow-up Items from the November 8, 2019, Board meeting was presented to the Board for consideration and possible action.

- Item 1: Pictures/Bios for website – ongoing.
- Item 2: Update District Election process before 2020 election. Mr. Mitchell said he would start reviewing the procedures with the possibility of an election in 2020. He would review his notes and get with Mrs. Nickerson and Mr. Schultz.
- Item 3: Insurance Presentation was updated as part of the Operations Report
- Item 4: It was anticipated that Public Safety Power Shut-Off report would be presented at the January or February 2020 meeting.
- Item 5: The letter regarding the indefinite waiver of water/sewer service fees was sent to Mr. Cooney.

B. The Status of Action Items remaining as of the December 2019 meeting was presented to the Board for consideration and possible action:

- Item 1: Best Management Practices – Mr. Schultz anticipated that he would present the information at the April or May 2020 meeting.
- Item 2: AMR Data Collection and Analysis – Director Simpson said he was interested in seeing the information.
- Item 3: Policies & Procedures Review – Mrs. Nickerson begin compiling information and found that the current list included many items that were covered in the Office Procedure Manual that was developed last year.
- Item 4: Insurance Coverage Review – Mr. Shultz updated the Board as part of his Operations Report
- Item 5: Urgent Matter Protocol – Approved earlier in the meeting.
- Item 6: Operations of the Dam – was discussed earlier in the meeting as part of the Operations report.

- Item 7: Discussion with Truckee Fire – Mr. Schultz will be meeting with the new Battalion Chief and Captain in January. He said they were happy to do all the fire hydrant testing.

A motion was made by Director Simpson and seconded by Director Stockton to reopen the Consent Items Calendar. The motion passed by a roll call vote: Ayes: Directors Lindquist, Stockton, Simpson and McCormick. Noes: None. Abstentions: None. Absent: Director Heald.

Director Stockton asked about a journal entry that was listed on the check register. Mrs. Nickerson explained that entry was to record the water/sewer services fees that were deducted from Mr. Krebill's paychecks in accordance with the 12 month agreement he had with the District.

Director Simpson asked if Officer Elections would be held in January. Mrs. Nickerson was asked to place Officer Elections on the January 2020 agenda,

XI. Adjournment

A motion was made by Director Simpson and seconded by Director Stockton to adjourn the meeting. The motion passed by a roll call vote: Ayes: Directors Stockton, Simpson and McCormick. Noes: Director Lindquist. Abstentions: None. Absent: Director Heald.

The minutes were approved at the Regular Meeting held on January 10, 2020, as part of the Consent Items Calendar. A motion was made by Director Stockton and seconded by Director McCormick to approve the Consent Items Calendar. The motion passed by a unanimous vote.