

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

Date: Monday, January 15, 2024 / **Time:** 5:30 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

The meeting was held in person at the District Office and 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 Absent from the meeting:

Director Karen Heald

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

Shauna Lorance, 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:

Alex Stodtmeister, Dowl

Guests in attendance by Zoom:

Roger Drosd

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 vote: Ayes: Directors Stockton, Harvey, Jackson and Keatley. Director Heald was absent.

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 there were no comments received.

VI. Operations:

A. Shauna Lorance, General Manager, presented her report to the Board for consideration and possible action. She reported the following:

- Donner Summit PUD was not successful in obtaining a grant to study the intertie between the Districts. She said it was a bad thing that they didn't get the money to do the study but a good thing because Sierra Lakes had so much going on.
- Regarding the auditor rotation, seven requests for proposals were sent to local companies with small district experience. Only one proposal and one no thank you were received. A proposal was received from Fechter & Company Certified Public Accountants and their price was comparable to the prior auditor's fees. Ms. Lorance was asked to bring back a contract for review and approval.
- An updated schedule for metering was provided. She also included a schedule for the 2024/2025 Water/Sewer Rates.

B. Patrick Baird, Utility Operations Manager, presented his report to the Board for consideration and possible action. He reported the following:

- December operations were normal.
- Water use was still significantly lower than the last two years on average and was on track with the five-year average. He also said, with more meter installations, water leaks were getting detected sooner.
- Lake water temperature dropped to 2.5°C.
- Sewer flows were in line with the last two- and five-years averages. He said his calculation of 2023 sewer flows through Donner Summit's plant were below 30%.

VII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the December 11, 2023, Special Meeting; December 2023 Check Register; financial reports for the month ending December 31, 2023; Disbursements for Board Approval; and 12/31/23 Balance Sheet.

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

VIII. Old Business:

A. **Metered Water Rates Sample Billing:** Ms. Lorance presented information regarding metered water rates to the Board. Ms. Lorance said the presentation was about providing more focus on the difference between the 93% fixed/7% variable and the 85% fixed/15% variable allocation rate for billing. She said Directors Jackson and Keatley were very helpful in preparing

a focused presentation and looked forward to their continued input. She said the purpose of the presentation was to provide the Board with information to help choose an allocation rate for billing. She also said they could always adjust the allocation rate if needed at any time. Ms. Lorange said choosing a rate would simplify future presentations on the Master Utility Plans.

1. Updated costs from 2022: Costs were updated using 2022 water usage and the current budget.
2. Revised 2023/24 Sample Meter Rates: Water rates were recalculated based on water usage and prorated to all connected properties. The result was 15.6 million gallons of water usage. She said 23 million gallons of water was produced that year resulting in about 30% water loss.
3. Sample Water Bills: Water rates were calculated using the two allocation rates. Assumption included a week being seven days, 3 people per household, 150 gallons per day (gpd) (50 gpd x 3) and 1050 gallons per week. She applied the information to three scenarios; those who never come up, those who occupy four weeks a year and those who were full time residents.
4. Comparison of Annual Water Bills by Customer Profile: Assumptions were applied and rates calculated based on the two allocation rates.
5. Compared to Existing Annual Water Rates (Actual Meter Reads): The comparison, based on actual metered customers, showed: For the 93%/7%, billings for 316 customers would be the less than current and 90 billings would be more. For the 85%/15%, 301 would be less than current and 105 would be more.
6. Compared to Existing Annual Water Rates (Prorated for All Connections): The comparison, based on actual metered customers, showed: For the 93%/7%, billings for 654 would be the less current and 186 would be more. For the 85%/15%, billings for 623 would be less current and 217 would be more. ***Ms. Lorange reminded everyone that these numbers were based on an extrapolation not actual data.***
7. Requested Board Actions: Ms. Lorange asked the Board to discuss pros and cons of the different rate structures. She said the 93%/7% allocation rate seemed to match revenues to expenses with less variance between low and high water use and it fit well with the Proposition 218 requirement that customers could not be charged more than the cost to deliver water. Director Jackson said a Bay area agency would be going to court for their tiered water rates in July. She thought it would be a good case to watch. Ms. Lorange said tiered rates were possible if there were multiple water sources. The District only had one source.

The Board agreed to go forward with the 93%/7% allocation rate. Director Jackson said she would like the message to be that metered rates would not be changing the rates. Any significant change to the rates would be due to the costs of capital improvements.

Director Jackson said she still had a question about the well and whether it was going to be for emergencies only. Director Harvey said it was currently part of the fixed rate. Ms. Lorange said the well was not being used so it would not be part of the variable rates.

Alex Stodtmeister, representative from Dowl, said, for comparison, Incline Village was using 232 gallons/day/user. He said he thought the 150 gallons/day/household was a good number to use. He also said the EPA defined affordability for utility rates and provided that a combined water and sewer rate to be 4.5% of Median Household Income (MHI); the District's

MHI was \$95,804.00/year making the existing water rate of \$1246.00/year only 1.3% of the allowable 2.25%. He also said if the District used the full 2.5%, the water rate could go as high as \$2,395.00/year.

B. Water Master Plan Presentation: Ms. Lorance and Alex Stodtmeister, representative from Dowl, presented information regarding the Water Utility Master Plan. Ms. Lorance said she would be going through the presentation to hit the high level points.

1. Water System Demands information:

- 840 developed lots of which 836 were residential and 4 commercial.
- 181 developable vacant lots.
- A transient population with a high majority of second homes.
- Two water sources; ground water and surface water.
- Delivered water was less than the 25 million gallons treated.

Mr. Stodtmeister said the well was currently being used as an emergency back up but could be converted to a water source with restrictions. Ms. Lorance said the well needed to be permitted and the permit was not finalized yet.

2. Average Monthly Water Production: This information was based on the information provided by Mr. Baird on a monthly basis.

3. Key Water resources Points:

- The District has adequate water supplies for existing and future customers.
- The well was only being used for emergencies
- The potential for the surface water to freeze around the lake intake was the biggest risk to water supply reliability.

4. Key Well #01 Points:

- The well could be operated from the District office but the valves that direct water into the water system, must be operated manually.
- The well also discharges into the raw water line that comes from the lake.
- Because the well water doesn't require treated, and can be sent directly to the tank, the line from the lake would have to be disinfected before switching to well water. This process provided room for error and problems. Mr. Baird said the State wanted a second line installed designated for the well water.

5. Key Water Quality Points:

- Having organics in the water requiring the addition of chlorine, could cause potentially dangerous issues.
- Disinfectant byproducts were trending up until Mr. Baird made changes to the process resulting in a drop in disinfectant byproducts in 2023.

6. Disinfection Byproducts: The three main reasons

- The system was reliant but lake water contains more organics than raw water.
- The system intake was shallow.

- Water demands were extremely low so water stays in the pipe longer, with the chlorine working, creating more disinfection byproducts, for a longer period of time.

Ms. Lorance said the biggest issue was fixing the water intake. Fixing the water intake could reduce some of the disinfection byproduct issues.

7. Capacity Analysis:

- System has adequate capacity to meet existing and future water demands.
- Fire flow availability varies from <500 gpm to >2000gpm. Ms. Lorance said the District's availability was normal and similar to other water districts. This information will also help staff determine which fire hydrants to clear.

8. Capital Improvement Plan (CIP):

- There will be several projects to meet system deficiencies.
- The replacement of asbestos concrete mains, to avoid costly emergency repairs, was considered primary.
- Pipeline repair/replacement projects were to be scheduled over 20 years.
- The CIP recommended schedule could be altered if necessary to change impact on water rates.

Ms. Lorance said, generally, a ten year master plan would be developed with a five year financial plan and an update to the financial plan after three years.

9. Next Steps:

- Board to consider acceptance of the Water Master Plan; adoption would come later after discussions and decisions about rates.
- Staff to provide analysis of the impact of recommended CIP schedules on existing Water Rates at February 2024 Board Meeting for consideration.

Director Harvey said he was asked about a process where a pipe is put in a pipe instead of replacing a pipe. Mr. Stodtmeister said sometimes a sewer pipe can be lined. He said what Director Harvey was asking about was called "pipe bursting". He also said the ability to use pipe bursting would depend on the type of soil, how the pipe was bedded and the material of the pipe.

Mr. Stodtmeister said, the reason why the report showed nine years of improvements, instead of ten, was because it was recommended that the District prepare a preliminary engineering report in the first year. This report would be required by USDA, State of California and SRF for funding and it would make the application process easier. He also said this was not a disadvantaged community, due to the District's MHI, but had seen success in public funding. Ms. Lorance said the biggest problem for the District was no being disadvantaged. Because of that, the District would probably not be eligible for grants.

C. **Sewer Master Plan Presentation:** Ms. Lorance and Alex Stodtmeister, representative from Dowl, presented information regarding the Sewer Utility Master Plan.

1. Sewer System Flows:

- 840 of 1068 lots developed
 - 4 commercial and 836 residential
 - 181 undeveloped lots
 - Transient population and a high majority of second homes
2. Average Monthly Sewer Flows at DSPUD:
 - A four year graph of sewer flows through DSPUD's wastewater treatment plant showed was from Utility Operations Manager's report presented monthly.
 3. Sewer Flow Monitoring:
 - Last spring four sites were monitored.
 4. Sewer Infiltration and Inflow:
 - Infiltration, the introduction of ground water into the sewer system through leaks and cracks
 - Inflow, the introduction of stormwater into the sewer system through manholes, cross connections and other external holes.
 - SLCWD's system shows extensive evident of both.
 5. Average Daily Sewer Flow and Water Production Comparison:
 - A 12 month graph showing when water flows were higher than sewer flow.
 6. Hydraulic Model Development:
 - AutoCAD was used to survey 75 manholes.
 - Sewer flow rates were assigned based on the monitoring data
 - Pump data matched the results seen in the field within reasonable amounts for calibrating the model.
 7. Sewer System Deficiencies:
 - Inflow & Infiltration was the largest problem requiring the replacement of ACP (asbestos pipe), VCP (clay pipe) and some manholes where pipe would be replaced.
 - The biggest issue was Slope and Velocities was scouring. An annual inspection and cleaning program would be analyzed.

Mr. Stodtmeister said, in response to Director Jackson's question about not having enough velocity, slope requirements were based on a half full pipe. Because of the District's low sewer and water flows, the pipes might not reach half full. He said currently the I&I was helping the system keep the pipes clean and that consideration of this information would be used when determining how to exclude I&I and meet velocity requirements.

8. Sewer Pump Stations:
 - Sewer pump stations were necessary due to the mountainous terrain of the District.
 - SLCWD has four pump stations.
 - All pump stations have emergency power.

- The pump stations have varying amount of emergency storage. However, most don't have adequate emergency storage. Ms. Lorance said the lack of adequate emergency storage could be an advantage for obtaining SRF funding.

9. Next Steps:

- Board to consider acceptance of the Sewer Master Plan at the February meeting.
- Staff to provide analysis of the impact of recommended CIP schedules on existing Sewer Rates at February 2024 Board Meeting for consideration.

Ms. Lorance said big increases would be necessary to fund the projects. However, the document will show the public what should be done but the plan will spread the projects out further.

Director Jackson asked about the water intake project and getting it done in 2024. Ms. Lorance said it would not be done in 2024 and Mr. Stodtmeister said the remaining budget from the Utility Master Plan would be repurposed to begin investigating the permitting costs of extending the intake. The project itself could be relatively easy. Ms. Lorance said she approved \$8,000 to \$10,000 to start permitting activities. Mr. Stodtmeister said extending the intake pipe would improve the issues with water temperature changes.

Mr. Stodtmeister said costs to run utilities over the last 10 years, nationwide on average per the US Government, internet costs rose 8%-9%, electricity about 35%, trash about 40% and water/sewer utilities about 47%.

IX. New Business:

A. None

B. Administration:

A. There was one Follow-up Item from the December 2023, Board Meeting. A map for the proposed fire hydrants to be cleared during the winter, per the MOU with Truckee Fire, was sent to Director Heald.

B. The Board was polled to determine availability to meet in person at the February 8, 2024 Regular Meeting:

Available to meet in person: Directors Stockton, Jackson and Keatley

To be Determined: Directors Heald and Harvey

VI. Adjournment

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

The minutes were approved at the Regular Meeting held on February 8, 2024, as part of the Consent Items Calendar. A motion was made by Director Harvey and seconded by Director Keatley to approve the Consent Items Calendar as presented. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.