

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

Date: Thursday March 14, 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 in attendance by Zoom:

Director Karen Heald
Director David Keatley

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:

Steve Carle	Dick Simpson
Steve Shray	Chase Cambron

Guests in attendance by Zoom:

None

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. Mr. Carle commented that in looking at the hook-up fees included in the District's financials have stayed the same. Mrs. Nickerson said when the system was being developed, all hook up were installed. The current fees reflect the reimbursement of those costs.

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

A motion was made by Director Harvey and seconded by Director Jackson 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. Comments regarding an item on the agenda were received earlier in the day. Those comments were suggestions regarding the upcoming public presentation. The comments were forwarded to all Directors and would be discussed later in the meeting.

V. Election of Officers:

A. Director Stockton nominated Director Harvey for President. The nomination was seconded by Director Jackson. The nominations were closed.

Director Harvey was elected President by a rollcall vote: Directors Stockton, Heald, Jackson and Keatley. Director Harvey abstained.

B. Director Harvey nominated Director Jackson for Vice President. The nomination was seconded by Director Keatley. Director Keatley moved and Director Harvey seconded the motion to close the nominations. The motion was approved by a roll call vote: Directors Stockton, Harvey, Heald and Keatley. Director Jackson abstained.

Director Jackson was elected Vice President by a rollcall vote: Directors Stockton, Harvey, Heald and Keatley. Director Jackson abstained.

It was agreed that Director Harvey would assume the position of President at the April 11, 2024 Board Meeting.

It was also agreed that Directors Jackson and Keatley would continue their rolls on the Volumetric Rates Ad Hoc Committee. The committee was confirmed by Director Harvey as President.

VI. Operations:

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

- She requested the Board to second her intent to thank two members of the utility staff that went above and beyond when the back-up generator at Sewer Pump Station (SPS) 2 did not turn on when power was lost during the recent storm and the standby power did not activate. She said Mr. Lundgren managed to tow the standby generator through the snowstorm to the pump station and dug out the

access to the pump station, at midnight with no power, to get the generator working with phone support provided by Mr. Marriner. She proposed a \$1,000.00 and \$600.00 payment from the "Other Employee Relations" line item. The Board supported the proposal and completely supported the appreciation of the extra efforts provided.

- DSPUD completed a draft of the Water Supply Resiliency Study. She said she thought the draft report could be accessed on DSPUD's website. She also said they evaluated multiple options for emergency supply and all options were eliminated except for connecting to SLCWD's water supply. She asked DSPUD why they eliminated the reuse of wastewater but had not heard back.
- A letter was being written allowing Placer County to access district property regarding the otter issue, but Placer County replied that they no longer needed access.
- An ACWA/JPIA site visit and risk assessment was conducted. The report contained minor suggestions that would be taken care of. The District also received the President's Special Recognition Award for a loss ratio of 20% in all three insurance programs.
- A graph, comparing water and sewer flows, were presented to the Board for feedback. She asked if the graph provided the information the Board wanted to see. Director Jackson said she liked the comparison graph but also wanted to continue receiving the two- and five-year graphs.
- An order for the new truck, that was included in the capital budget, was placed with a dealer in Reno who agreed to match the California state purchasing requirements.

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

- Water usage was below both the two- and five-year averages and sewer was in line with both the two- and five-year averages.
- Sewer flows through the wastewater treatment plant were at 24%.
- Lake water temperature dropped to 1°C. Water production was slowed to 100 gallons/minute but water demand was still being met.
- Staff was working through some electrical issues at SPS 2 and anticipated the problem to be resolved within the next week.

Director Jackson asked why the emergency generator did not go on and if the issue was mitigated. Mr. Baird said the problem was a bad breaker that got corroded over the years. Power was being rerouted from SPS 3 to SPS 2 and an electrician was working to repair the issue.

VII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the February 8, 2024, Regular Meeting; February 2024 Check Register; financial reports for the month ending February 29, 2024; Disbursements for Board Approval.

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

Ms. Lorance asked to discuss items IX. New Business A & B before item VIII. Old Business.

IX. New Business:

A. Ms. Lorance's PowerPoint Presentation, regarding the District's *Water Systems Operations, CIP and CIP Funding*, was presented to the Board for discussion and possible action. She provided an overview of the water system, walked through the overall operations of the system, and discussed some of the proposed capital improvement projects.

Ms. Lorance walked through the raw water intake, the raw water pump station, the treatment plant, the office tank, the hill tank, briefly described the well and provided an overview of the distribution. She said water gets taken from the lake, pumped to the treatment plant, through the office tank then pumped up to the hill tank. From there water flowed by gravity to everywhere within the entire District. A Google map of the process was presented.

Ms. Lorance said the District's secondary water supply is a groundwater well that can be used if there was contamination of the raw water supply or if surface water production could not meet demand due to extremely cold lake water. The issues are that the well water is considered treated water. Due to a lack of a dedicated treated water pipeline from the well up to the Office Tank, the well water is pumped into the raw water pipeline. To use the well water, the raw water pipeline would have to be blocked off, cleaned and disinfected before switching to the well water. Finally, she said, because of the arsenic level in the well water, the District is installing arsenic filters. However, due to high quantities of silica in the lake water the filters clog. Modifications to the distribution of the well were included in the Water Utility Master Plan, such as a dedicated well water pipeline.

Ms. Lorance said there were some major capital improvement projects recommended within the Utility Master Plan. They included:

1. Raw Water Intake Extension: This would extend the raw water pipeline into deeper water where the water could be warmer with less organics.
2. Well 1: This was currently listed as a relocation and discharge line.
3. Hill Tank Flow Meter: Currently identifies how much water was being used by elevation levels within the tank. Part of the requirements of metered rates will be the calculation of water produced vs water sold. This would help determine the number of leaks in the system requiring repair.
4. Raw Water Leak Detection: Determination of possible leaks and/or the need for replacement in the high-pressure line that pumps raw water out of the lake to the treatment plant.

5. Annual Water Pipeline Replacements: The District has over 13 miles of water pipelines most of which were installed in the 1960's and 1970's and consisted of 53,000 feet or more of AC pipe.

Director Jackson said she thought extending the raw water intake line was the more important project. She felt rerouting or moving skids for the well could be done later if the raw water quality improved with the extension of the pipe into deeper water. Ms. Lorance said the question moving forward would be if a second water source became a State requirement.

B. Ms. Lorance's PowerPoint Presentation, regarding *Sewer Systems Operations, CIP and CIP Funding*, was presented to the Board for consideration and possible action. She said the District previously had all its sewer run to the southern part of the district to a wastewater treatment plant. Due to changing regulations, it was decided to tie into DSPUD's sewer processing system and pump sewer to them. Currently, sewage was still being pumped to the southern part of the District and pumped back up and out to DSPUD.

Ms. Lorance walked through the overall collection system, the collection areas, how they flowed through the system, the wet well, building layout and some of the pump controls.

Ms. Lorance said the collection system consisted of gravity sections that flowed to different SPSs. The SPSs pump to the next SPS, or to a point where it can gravity to the next SPS; SPS 4 pumps over the hill until it can gravity to SPS 3, SPS 3 pumps to SPS 2, SPS 2 pumps to SPS 1, and everything in SPS 1 pumps to DSPUD.

Ms. Lorance said the capital improvement projects recommended within the Utility Master Plan included:

1. SPS 3 Rehab: Included the rehab of the SPS and the pump force main. She said the force main was different from a mainline because most of the mainlines were gravity lines. She also said if a force main broke it would be a full break.
2. SPS 2 Rehab: Also included the rehab of the SPS and the pump force main.
3. Annual Sewer Mainline: The District has 11.5 miles of gravity pipeline and 1.5 miles of force main. Replacing all ACP and PCP for two years was \$58,000,000.

VIII. Old Business:

A. Ms. Lorance presented the "Water and Sewer Utilities Master Plans" to the Board for considerations and possible action.

1. Water CIP Options: Ms. Lorance said staff's recommendation was to proceed with the Proposition 218 Notice with a "Not to Exceed" annual CIP charge of \$300.00 with the intent to take out debt to fund the high priority projects and pay cash for continuing pipeline replacement projects. She said the \$300.00 Water CIP increase would include borrowing \$1,300,000 for the intake pipe extension, well 1 treatment, hill tank flow meter and raw waterline leak detection. The proposed CIP increase with borrowing was based on obtaining a State

Revolving Fund loan. Director Jackson said, when she originally read the plan, she thought the rates would have to be raised more and did not think the proposed increase was enough for pipe replacements. Director Heald said she appreciated Ms. Lorance's effort of taking what Dowl did and making it a little more realistic for the community. However, she was expecting to pay a lot more than \$300.00/year. She said she would like to see more piping fixed suggesting the amount be \$600.00/year. Mr. Baird said one of the reasons the number was a little lower was because of the short construction season on the summit; a bigger budget did not mean more work could be accomplished. Director Harvey said in theory, based on the schedule presented, there would not be another increase for another 10 years. Ms. Lorance said the schedule presented was for 10 years, there would be a 30-year loan but the fee would increase annually based of Consumer Price Index (CPI). She also said the assumptions presented would fund pipe replacement to be completed in 500 years. Director Harvey said it might be better to have a four-year plan because everything would change and another increase might be needed. Ms. Lorance said she agreed that things would change and adjustments would be needed. She also said, to secure debt funding, rates must already be in place. Director Jackson said the budget for the well project was double the cost of the intake pipe expansion project and almost triple that of the hill tank flow meter. She said, if possible, she would like to see the well project narrowed, especially with the extension of the lake intake pipe, and maybe reallocated some of the well project dollars to pipe replacement.

2. Sewer CIP Options: Ms. Lorance said staff's recommendation was to proceed with the Proposition 218 Notice with a "Not to Exceed" annual CIP charge of \$600.00 with the intent to take out debt to fund the high priority projects. She said the Sewer CIP would have a significantly higher debt service payments because a loan of \$5,000,000 would be needed for the two SPS upgrades. Director Jackson said what she heard was that it was more dangerous to the District not to deal with the sewer issues because a spill would result in costly fines and the impact to the local environment would be dramatic. Ms. Lorance said she agreed and that everything flows into the lake and as sewage flows by gravity without the ability to control the amount that comes from residences.

Ms. Lorance said the process for the rate increase would require that a notification be sent to all rate payers at least 45 days before the public hearing. She also recommended that a public information meeting be scheduled before or shortly after the notice went out to walk through the CIP and budget presentations with the community. Mrs. Nickerson said when the District applied for the USDA loan, a three-year rate increase was required. Ms. Lorance said she thought that the Proposition 218 Notice could include an annual CPI increase. Mr. Mitchell said a CPI increase could be included and believed it would be capped at five years. He also said it could be tied to an index as opposed to a stated amount. He said he would confirm.

A motion was made by Director Stockton to adopt a \$1,200.00 CIP increase, \$600.00 for water and \$600.00 for sewer.

Director Keatley asked to look at the Water CIP schedule at the \$600.00 rate. The scheduled showed that more money would be put into the watermain replacement project. Mr. Simpson said he did not think \$600.00 for each was enough. Ms. Lorance agreed but she was looking at the ability to pay and the amount of work that could be accomplished in a season. Mr.

Shray said he would recommend presenting the Sewer CIP first because it was much more critical. After public comments, **Director Stockton withdrew his motion.**

A motion was made by Director Harvey and seconded by Director Jackson to adopt a \$1,200.00 CIP increase, \$700.00 for sewer and \$500.00 for water. The motion was passed by a unanimous rollcall vote: Directors Stockton, Harvey, Heald, Jackson and Keatley.

Ms. Lorange said there was a 30-day minimum before rates could go into effect and interest or CPI adjustments could not exceed five years. She also said there was a statute of limitations of 120 days that should be considered before going out for funding.

IX. New Business: (Remaining Items)

C. A 2024/2025 Operations Budget Update was presented by Ms. Lorange for discussion and possible action. She said the budget process had been started but there were currently no recommendations. She also said the Proposition 218 Notices would include an increase for the Operations Budget based on CPI. The Board took no issue with including a CPI increase for the Operations Budget.

D. A Quarterly Water and Sewer Service Fee Billing Option was presented by Ms. Lorange for discussion and possible action. She said quarterly billings would help transition customers to metered rates. The Board did not object and Ms. Lorange said she would prepare the necessary paperwork to move to quarterly billings for formal approval.

E. Fechter & Company Certified Public Accountant Confirmation of Services presented by Ms. Lorange for discussion and possible action. Ms. Lorange said Fechter & Company requested to use a standard accounting agreement because they did not fall under engineering type contracts. Staff recommendation was to approve the contract.

Director Heald asked why the firm had a problem with the District's contract. Ms. Lorange said the main issue was the terminology that would require extensive modification to support auditing type work. Mr. Mitchell said it was a better contract than the last auditors and that it included changes that the auditor requested to maintain their independence and provide absolute separation. He also said it was like what attorneys do.

A motion was made by Director Jackson and seconded by Director Stockton to hire Fechter & Company. The motion passed by a unanimous vote: Ayes: Directors Stockton, Harvey, Heald, Jackson and Keatley.

X. Administration:

A. The Follow-up/Action items from the February 8, 2024, Regular meeting were as follows:

- The combined water and sewer flow graph was presented with the General Manager's report

- Ms. Lorance was still working on the minor changes to the Utility Master Plan
- Ms. Lorance was still working on the one-page explanation of how the water system worked.

B. The Board was polled to determine availability to meet in person at the April 11, 2024 Regular Meeting:

Available to meet in person: Directors Harvey, Jackson and Keatley.

Available to meet by Zoom: Directors Heald.

Maybe: Director Stockton.

XI. Adjournment

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

The minutes were approved at the Regular Meeting held on April 11, 2024, as part of the Consent Items Calendar. A motion was made by Director Stockton and seconded by Director Jackson to approve the Consent Items Calendar as presented. The motion passed by a unanimous rollcall vote: Directors Harvey, Jackson, Heald, Stockton and Keatley.