

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

Date: Thursday, September 14, 2023 / **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 Karen Heald
Director Jennifer Jackson

Director David Keatley attended by Zoom

Director Jon Harvey was absent

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:

Dick Simpson

Guests in attendance by Zoom:

Steve Carle

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 Heald and seconded by Director Jackson to approve the agenda. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Heald, Jackson; Director Keatley had not joined the meeting yet. Noes; None; Abstentions: None; Absent: Director Harvey.

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. Ms. Nickerson said she received comments regarding the Fire Hydrant issue; one from Mr. Bubnis, that was forwarded to the Board, and a second from Mr. Shray. The item would be discussed under the General Manager's report.

VI. Operations:

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

- A couple items, that were not included in the capital improvements plan, were identified. She said they were working to keep costs within the budget but there was always the possibility of going over budget. She said one was a water main replacement at 7111 Soda Springs Road that was ruptured while grading the driveway. She said she didn't think it was the homeowner's fault because there were no drawings for the area, the water main was not in the street as expected and it was very shallow and on top of a lot of rock. The temporary fix was to end that main and connect across the street. A permanent fix would be included in the Master Plan. Another issue discovered by staff was there were square taps into the sewer mains with round laterals inserted, resulting in sewer infiltration inflow. These were found in an area where there was a significant amount of inflow between pump stations. She said staff was working to fix the problem areas.
- Ms. Lorance spoke with the Fire Chief and they agreed to arrange a meeting to include SLOPA, Sierra Lakes and Truckee Fire to have a conversation, while not making any decision of the legality or enforceability of the LAFCO agreement. She also talked to Donner Summit PUD who said they did not have any plans to take legal action at this time. She then said Truckee Fire had a strong disagreement relative to fire hydrant snow removal being a fire department requirement. Truckee Fire felt operations plan were subject to change. The parties discussed a one-year trial process for hydrant snow removal. Currently, Sierra Lakes clears four hydrants to perform flushing for water quality issues. She also said the District would work with Truckee Fire to determine the 10 high priority hydrants that would be cleared during the winter. Mr. Baird said the District had two hydrants that were consistently cleared and two others that were cleared depending on need. He said staff was willing the help keep ten hydrants cleared for the community's benefit if the necessary tools and personnel were made available. Ms. Lorance said the other benefit was the use of Truckee Fire's loader that would help staff move snow from the side of the building adjacent to the District office to allow storage of the loader. This would help the District since Place County has notified the District and Mr. Carman's attorney that they

would not be removing snow from that side of the District's building. Director Heald said if Donner Summit PUD wasn't going to be party to pursuing legal issues, the District still had some issues that could be pursued but it would be costly. She also said she found it offensive that the Fire Department was bailing based on liability; every entity had a level of liability. And finally, she said because she wasn't sure the District would be able to enforce the agreement, she felt it was a reasonable plan for a year trial. The cleared fire hydrants, combined with the amount of water the Fire Department was willing to bring, was a reasonable plan.

- She reported, based on the General Manager's ability to approve new docks, that she had approved a new dock that met the District's requirements.
- She reported that the sewer portion of the Utility Master Plan was on schedule to be completed by the end of the year and the water portion was still pending.
- She reported that staff tested for PFOS and PFOA and both were negative. Mr. Baird said there would be one more test this fall and possibly a three-to-five-year testing plan.
- She reported staff was working with the manufacturer of the arsenic removal for Well 1 that wasn't working properly. The Head of Marketing from the company that sold the District the arsenic removal equipment, came out and determined that the system did not have the required prefilter. The manufacturer was providing the required prefilters and the prefilters would be installed at no cost to the District.
- She said she talked with Trish, the women who was big on the cyanobacteria. In the end, the agreement was that anyone could sample the lake for cyanobacteria. She also said she followed up with Placer County Water Agency regarding the issue, their testing before and after treatment and regarding their procedures for clearing algae from creeks etc. Staff was researching the information and processes and would report back if they decided to implement a plan.

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

- DSPUD's wastewater treatment plant had no violations.
- SLCWD has no violation and were meeting all drinking water compliance standards
- Water usage continued to drop down almost 33% over the five year average.
- Sewer flows were now below 6% the five year average due to repairs of manhole leaks. He anticipated another drop in the next month and flows through the plant were back down to about 30%.
- Water Treatment was running great and the temperature of the lake was about 16 °C but the temperature was getting chillier every day.
- Sewer collection was working great and all generators have been exercised and operated.

Director Heald ask Mr. Baird if he could provide a two year comparison to show water use not so tied to fixing the leaks but to actual water use in the community. Mr. Baird said he would provide a graph showing an average of the last two years.

VII. Consent Items Calendar: The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the August 10, 2023 Regular Meeting; August 17, 2023, Special Meeting; August 2023 Check Register; financial reports for the month ending August 31, 2023; and Disbursements for Board Approval.

Director Keatley asked about the Dowl invoice. He said he had lost track of the schedule and wanted to know what the District's financial commitments were. Ms. Lorange said the \$50,000.000 invoice included payment to the subcontractor that conducted sewer flow monitoring. She also said Dowl had used about a third of their budget without a lot of deliverables. The topic would be discussed in more detail later in the meeting.

Mr. Simpson said the minutes mentioned that the automatic meter readers were grouped into Group A and Group B but the groups were not defined. Ms. Lorange said she had just divided the map in half. A copy of the map would be attached to the minutes.

A motion was made by Director Jackson and seconded by Director Heald to approve the Consent Items Calendar. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Heald, Jackson and Keatley. Noes; None; Abstentions: None; Absent: Director Harvey.

VIII. Old Business:

A. Staff recommendations regarding the remaining scheduled engineering projects was presented to the Board for consideration and possible action. Ms. Lorange said a summary of the projects, showing what was complete and what was remaining, was prepared. She said she determined that the Board had authorized \$295,000 for the Master Plan, of which \$100,000 was used, and up to \$300,000 was authorized on a separate Master Services agreement bringing the total to almost \$600,000 for which the funds were to be taken out of reserves. She said the level of authorization against the approximately \$900,000 in reserves made her extremely nervous in case something happened with the treatment plant or something else. Ms. Lorange then said she identified the projects that were complete and that the two projects remaining were the Master Plan and the Surveying. Based on this information, she said it seem appropriate to put the projects on pause with a request that no billings be billed to the projects without written authorization from the General Manager.

Director Jackson said the fact that there were two budgets, operational and capital improvements, she didn't think it was all coming from reserves, she thought the Master Services agreement pertained to operational projects.

The following projects were not included in amounts previously discussed but were complete:

| PURCHASE ORDER # | DESCRIPTION | CONTRACT | | |
|------------------|--|------------|-----------|-----------|
| | | AMOUNT | BILLED | BALANCED |
| 2021-103 | Sewer Pump Station #4 Replacement Project | 116,068.00 | 95,598.40 | 20,469.60 |
| 2021-104 | Sewer Infrastructure Rehabilitation Project | 34,561.00 | 31,718.95 | 2,842.05 |
| 2021-105 | Sewer Manhole Replacement and Repair Project | 43,352.00 | 39,350.50 | 4,001.50 |
| 2021-106 | Sewer Force Main Replacement Project | 121,999.00 | 90,125.27 | 31,873.73 |
| 2021-107 | Sewer Gravity Main Replacement | 69,511.00 | 63,433.72 | 6,077.28 |

The following Master Services Task Orders that were paused included:

- Work Order No. 1: Automatic Transfer switch and Receptacle for Main Base Generator – being conducted by staff.
- Work Order No. 2: Design and Construction Management Services for Installation of new Isolation Valve for the District’s Hill Water Storage Tank This project is completed
- Work Order No. 3: Design and Construction Management Services for Installation of Overpressure Correction Improvements to the Arsenic Filtration System for Well No. 1 – being conducted by staff.
- Task Order 2: (Work Order No. 4 of Master Services Agreement) Sanitary Sewer Overflow Project – This project is completed.
- Work Order No. 6: California Lead and Copper Rule Improvements Workplan – this was paused. This may be able to be done inhouse by checking with some of the bigger agencies to develop a plan.
- Work Order No. 7: California Water Partnerships and Regionalization Workplan and Interface with DSPUD
- Work Order No. 8: District Wide GIS Implementation Plan – postponed
- Work Order No. 9: 2023 Water Conservation Messaging – can be handled in house
- Work Order No. 10: Cellular Communications Connectivity Improvement Plan (To Support District AMI) research was in progress
- Task Order No. 6: Ice Lakes Dam Release Gate Repair Investigation – does not open or close fully. Will need a capital improvement project to repair or replace.

Ms. Lorance said of the authorized \$300,000, of which about \$73,000 was spent, just under \$200,000 would be put on pause leaving about \$35,000. She said for the Master Plan, she was reviewing the items included to determine if any of it could be removed.

Director Keatley agreed with Ms. Lorance’s summary and with pausing the items that were no longer necessary at this time.

Mr. Simpson said, regarding the cell service improvement task, he thought the District had an interrogator to read meters. Ms. Lorance said the AMR meters were all setup to go on cellular. If a meter does not provide information, it would take a lot of time with the alternative approach to get the necessary information.

VI. New Business

A. Ms. Lorance presented information regarding Board Policies for converting to metered rates for the Board’s consideration and possible action. She said the information was presented to have a discussion not to make decisions. The purpose was to get everyone thinking about things. She also said she would present a summary of recommendations at the next meeting.

Ms. Lorance said the first item was billing periods. She said in most situations, a shorter billing period was preferred. In the event of a customer leak, a long billing period could result in

a very high bill. However, with the online notification, staff would be notified of a leak and could work with the homeowner. She also said depending on how the rates were set would determine how big the bill could get; if volumetric was going to just cover the variable, it might not make much difference to bill monthly or quarterly. She also said, the shorter the billing period the more work for the District but more information for the customer where a longer billing period would be less cost to the District. In response to Director Stockton's question, Ms. Lorance said she had not been able to find any information regarding billing period requirements other than for apartments or submetering that required that customers deserved to get their information within 90 days and believed that would pertain to residential as well. Mr. Mitchell said he believed that was correct.

Ms. Lorance said the next topic was fixed and volumetric rates. She said in a perfect world, an accountant would want all fixed costs covered in fixed charges and variable charges only in the volumetric. She also said, in areas like Serene Lakes, there were very little variable costs. However, if fixed costs were put in with variable costs, and there was a mandatory reduction in water use, it could put the District in a difficult position at the end of the year. She also said the Board could not set rates based on conservation requirements. Director Heald asked if use could be considered as a tiered rate and what justification was required for establishing the fixed rate? Ms. Lorance said the Board could have inclining rates if there were inclining water costs. She said, for example, if the District had to buy water from an outside source and had a well, the first tier could be the water from the well, allocated equally to everyone, and the second tier would be the more expensive purchased water. Director Heald asked if the water provided in the winter, that required more extensive processes to make the water flow, could be considered a second tier. Ms. Lorance said rates could be on a seasonal basis. Mr. Mitchell said the District could have a two-season rate but could not use conservation as a basis for having a tiered rate system; water cannot be more expensive the more water used just to encourage people to consume less water. Ms. Lorance said many water agencies/cities set up their first rate based on a certain capacity and charged an inclining rate for capacity in the water system; justifying it due to having to build pumps bigger due to the people who use a lot more water. However, cities are being sued on this approach.

Director Jackson said having more of the costs allocated to the fixed portion of the rate could cause those who don't live here full time to pay more than those who live here full time and use more water. Director Keatley said he it was going to be a process and that his bias was to move more heavily to a higher percentage of fixed costs in the beginning. The percentages could always be adjusted in the future. He said it was hard to make the decision without data but the goal was to move toward fairness and equity. Director Heald asked about the allocation of fix rate charges. She said the proposed allocation would be based on meters and the size of the meters and that almost all the meters were ¾" except for a couple 1". Director Heald said, when Ice Lakes Lodge sold and was being converted, the number of connections were based on the number of bathrooms, kitchens etc. She asked if that methodology could be used to establish the fix rate thinking it would result in those using the most water paying more. Mr. Baird said Aspen used the number of bathrooms, kitchens etc. as a multiplier so houses with multiple kitchens and bathrooms would be allocated more water resulting in a higher bill. He also said the multiplier caused people to remodel and take out extra bathrooms and kitchens to reduce their water bills. It also caused a deficit at the end of the year. Director Heald said she was looking for a way to

target water use without going to volumetric. Ms. Lorance said the rate structure could not be setup to anticipate more revenue than cost.

The next topic was the timing of rates. She said the metered rate structure would need to be known by early 2025 in order to send out six months of comparison data. She also said the fixed rate set for 2024-2025 would then be the rate until the conversion to metered rates; the 2024/2025 fix rate would cover approximately 18 months. Ms. Lorance said the Board would potentially be setting a rate for 2024/2025, 2025/2026 and a metered rate at the same time. Director Heald asked if the customer would be getting the feedback that was important to allow them to compare the fix and volumetric rates? Ms. Lorance said she thought it would be best to set a two-year fixed rate because trying to change the rate while trying to show a comparison would cause confusion. However, if the volumetric rate was low, there wouldn't be much difference.

The next topic was establishing a leak policy. Upon transition to metered rates, with a quarterly billing, and a small three month leak, would a customer get a one time waiver? Mr. Simpson asked if the waiver would be one time or one time per year? Ms. Lorance said it depended on the policy. She also said the District would need a very specific Shut-Off policy on the website. The current policy required a 30-day notice after 60 day late, followed by a 48 hour notice, posted at the residence, before service would be shut off. Mrs. Nickerson said delinquent accounts were not currently a huge problem.

The next topic was meter testing. Ms. Lorance said she guaranteed that comments regarding meters running fast would be received if the volumetric rate was large enough to matter. She said testing benches and keeping someone certified to operate the testing was probably not reasonable for a small district. She also said it may be more cost effective to replace the meter.

The final topic was the incorporation of items from the Master Plan. However, the discussion would have to wait until the Master Plan was received.

Director Jackson asked about the fixed portion of the water bill. Ms. Lorance said the topic referred to requests to shut-off water service and not pay the fixed portion of the water bill if the homeowner would not be in residence for several months. Director Jackson said there was a house that was being demolished and the property owner asked for a waiver for the fees while it was being rebuilt. She said the Board decided that in order to not pay water fees they would have to turn in their connection permit.

Ms. Lorance said she would be presenting a set of draft policy recommendations at the October 2023 meeting.

Mr. Simpson asked if it was possible to convert to metered rates by January 2025 or was December 2025 necessary. Ms. Lorance said it would depend on what she could do about the cell service.

B. Director Keatley's request to discussion possible changes to the Board Regular Meeting Schedule was presented to the Board for consideration and possible action. The Board decided not to make any changes at this time.

VII. Administration

A. The Follow-Up/Action Items list from the August 2023 Board Meetings consisted of a report back on Mr. Wiley's question regarding algae growing in Serene Creek. Ms. Lorance said Mr. Baird went out and looked at the creek and found there was algae in the creek. However, Placer County came and cleared the creek. She also said she met with the Land Trust to discuss who held responsibility for the creeks and canal and she believed responsibility belonged to Placer County. Director Jackson said she would like to hear more about the chemical used to treat algae when Ms. Lorance had time. Ms. Lorance said she had an email she could share with Director Jackson.

B. The Board was polled to determine availability to meet in person at the October 12, 2023, Regular Meeting:

| | |
|-------------------|---------------------------------------|
| In Person: | Directors Stockton, Heald and Keatley |
| Possibly By Zoom: | Director Jackson |
| To Be Determined: | Director Harvey |

VIII. Adjournment

A motion was made by Director Heald and seconded by Director Jackson to adjourn the meeting. The motion passed by a unanimous rollcall vote: Ayes: Directors Stockton, Heald, Jackson and Keatley. Noes; None; Abstentions: None; Absent: Director Harvey.

The minutes were approved at the Regular Meeting held on October 12, 2023, as part of the Consent Items Calendar. A motion was made by Director Heald and seconded by Director Harvey to approve the Consent Items Calendar as presented. The motion passed by a unanimous rollcall vote.