

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES #784
January 28, 2014**

- A. Call to Order, Roll Call and Pledge of Allegiance.** President Dale Cox called the meeting to order at 8:30 A.M.

Directors Present: Dale Cox, President; Eric Poulsen, Vice President; Directors: Carl Gustafson; Brian Sheehan; and John Wilcox

Staff Present: Mike Geary, General Manager; Kathryn Obayashi-Bartsch, Board Secretary; Aleta Drake, Controller/Network Administrator; Jesse McGraw, Operations Manager; Peter Bansen, Fire Chief; Brandon Burks, Operations Specialist III; Thomas Archer, District Counsel; Josh Wilson, Operations Specialist II.

Others Present: Sally Brew, Gate DeMattei, Emily Fralick, Patty Heck, Ed Heneveld, Jean Lange, Mike Livak, Andrea Parisi, Tom Rinne, Jon Shanser, David Stepner, Peter VanZant and Mark Wasley.

President Cox asked Patty Heck to lead the Pledge of Allegiance.

B. Community Informational Items.

- B-1 Friends of Squaw Creek – Ed Heneveld provided a brief update on creek related issues based on Squaw Valley Real Estate’s (SVRE) revised Specific Plan. A public meeting will be held to address this topic and the District will be notified.
- B-2 Granite Peak Management – none
- B-3 Squaw Valley Municipal Advisory Committee (SVMAC) – Brian Sheehan said the next meeting is scheduled for Thursday, February 6, 2014 at 6 P.M. in the District’s community room.
- B-4 Squaw Valley Mutual Water Company (SVMWC) – none
- B-5 Squaw Valley Ski Holdings – none
- B-6 Squaw Valley Property Owners Association – Sally Brew said Chevis Hosea of SVRE and Alex Fisch of Placer County provided a presentation on January 18th on SVRE’s revised Specific Plan for the proposed *Village at Squaw Valley* Project.
- B-7 Tahoe Truckee Sanitation Agency – Dale Cox said the meeting was cancelled this month.
- B-8 Incorporate Olympic Valley – Ed Heneveld said the group meets on the first Tuesday of the month at 7 P.M. in the District’s community room.

C. Public Comment/Presentation.

Jon Shanser said the District’s mission does not make reference to recreation services but there is reference to recreation in the District’s Strategic Plan.

Ed Heneveld said there should be some type of town forum other than the Squaw Valley Municipal Advisory Council to discuss items such as proposed development.

Dale Cox suggested on the District’s Board meeting agenda under “Community Informational Items”, Friends of Squaw Valley be included. Mr. Geary said this group could replace Granite Peak Management as item B-2.

David Stepner said at the meeting on January 18th, the revised Specific Plan was reviewed and another version will be released as Appendix B contained many errors.

D. Financial Consent Agenda Items.

Director Sheehan met with staff for a Finance Committee Meeting on Monday, January 27, 2014 from approximately 4:00-5:00 P.M. to review items D-1 through D-12 as well as other finance related items on this agenda. Director Poulsen was not present at the Finance Committee Meeting.

Director Sheehan said he reviewed the finance related items with staff and all items appear to be in order.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Gustafson/Wilcox as submitted; vote was unanimous.

E. Approve Minutes.

E-1 Minutes for December 17, 2013.

Ms. Obayashi-Bartsch said Brandon Burks is listed twice as being present and this will be corrected.

A motion to approve the minutes for December 17, 2013 with the proposed correction was made by Directors Sheehan/Poulsen; vote was unanimous.

F. Old & New Business.

F-1 Village at Squaw Project Update.

Director Poulsen left the room due to a conflict of interest from an ownership interest. He did not listen to the discussion through a one way audio feed.

The Board reviewed the information, discussed the project and accepted public comment.

Mr. Geary said Squaw Valley Real Estate (SVRE) released the revised Specific Plan in early January and staff is reviewing the document. Placer County will release a Notice of Preparation for the revisions and staff will prepare comments.

Water/Sewer, Fire/Emergency Medical Services (EMS)

Mr. Geary said there have been few new developments and hopes to resume discussions with the developer now that the revised project information is available.

There was discussion of the ownership of lot #4 which is slated for parking, employee housing and shipping/receiving. Andrea Parisi of SVRE confirmed that lot #4 is leased and is not owned by SVRE.

Director Sheehan asked about the status of the Water Supply Assessment (WSA). Mr. Geary said the WSA is being prepared in accordance with the developer's schedule.

Public Comment

David Stepner asked how the current drought situation will impact the WSA. Mr. Geary said the WSA will include two years of drought in the analysis. Should the current year be a drought year and data is available, it may be used in the analysis.

Ed Heneveld asked about the process for WSA approval both by the District and Placer County. He asked about the public comment process in development agreements.

Mr. Archer said the District will at a minimum receive the WSA report and Placer County may be the entity to provide final approval.

The District's development agreement is a water and sewer service agreement which is not subject to California Environmental Quality Act (CEQA). Both the WSA and CEQA processes include opportunities for public comment.

The negotiations for the service agreement are performed in private but there are reports to the full Board and open to public comment as well. The final draft agreement is open to public comment and changes may be made based on public comment.

Ed Heneveld asked how District assets such as Well #2 will be safeguarded.

Mr. Archer said the District will not allow any assets to be released without some type of compensation.

Peter VanZandt said it is important to remember that the Specific Plan is not a project but is an illustrative plan so the specifics such as where facilities will be located is not set. Sierra Watch is reviewing the Specific Plan for the specific elements such as number of bedrooms.

F-2 Supervisory Control and Data Acquisition (SCADA) Master Plan.

The Board reviewed the item, accepted public comment, approved SCADA Master Plan Project proposal and authorized staff to execute an agreement with Farr West Engineering for an amount not to exceed \$15,000.

Director Poulsen returned to the room and Mr. McGraw provided a review of the item.

Public Comment

Ed Heneveld asked about the water treatment site mentioned in the report. Mr. Archer said this was included in the Development Agreement for the proposed Resort at Squaw Creek, Phase II Project.

A motion to approve the SCADA Master Plan Project proposal and authorize staff to execute an agreement with Farr West Engineering for an amount not to exceed \$15,000 was made by Directors Wilcox/Poulsen as submitted; vote was unanimous.

F-3 Drought Preparedness / Water Conservation.

The Board reviewed the item and accepted public comment.

Mr. Geary provided a review of the item. He said California experienced the driest year on record in 2013 and Governor Brown declared a Drought State of Emergency, directing state officials to take all necessary actions to prepare for drought conditions and urging a 20% reduction in water use. The snowpack is about 20% of normal for this time of year.

The District's Water Code includes a Water Conservation Program that focuses on public health, welfare and safety. Sections 3.19 to 3.23 of the District's Water Code provide details of the Program. There are three stages of drought alert, each with increasing conservation encouraged or required.

The Board approved Resolution 91-07 authorizing execution of the Squaw Valley Water Management Action Plan in 1991. The agreement was signed by the District, Ski Corp. (now Squaw Valley Resort) and the developers of the Resort at Squaw Creek (Perini Resorts, Inc.); the Mutual Water Company did not join the agreement. The non-binding agreement identified specific static water levels in the aquifer that triggered implementation of a variety of water conservation measures. The three-year agreement terminated on March 21, 1994 and was not renewed. The District considered, but did not complete, an update and renewal of the Plan in 2002.

Along with other pumpers of the aquifer and stakeholders, the District prepared and adopted the Olympic Valley Groundwater Management Plan (GMP) in May, 2007 which established a framework to collectively manage and protect groundwater resources.

Mr. Geary said he has discussed the potential drought with representatives of both the Mutual Water Company and Squaw Valley Resort. He may conduct a meeting of the Olympic Valley Groundwater Management Plan (OVGMP) Advisory Committee to discuss the situation. This includes representatives from all pumpers in the valley.

Mike Livak of Squaw Valley Resort and president of the OVGMP Advisory Committee said he supports the steps necessary to ensure a potable water supply and that snowmaking may have a beneficial impact on aquifer recharge.

Mr. Geary said Brandon Burks assisted in preparing the report. Mr. Burks said the aquifer level is monitored very closely.

Public Comment

Jean Lange asked if the aquifer has ever not fully recharged. Mr. Geary said while the level has never been as low for January as it now, the aquifer has always recharged based on records kept from the early 1990's. The issue is not so much filling the aquifer as having snowpack in the upper watershed to keep it filled as late in the year as possible.

David Stepner asked if a stage 2 drought alert may be declared independent of the state. Mr. Archer said the Board may make this determination as this is the District's code.

Mr. Stepner asked about the District's responsibility to maintain the level of Squaw Creek. Mr. Geary said this is not a responsibility of the District.

Jon Shanser said it is interesting to know that water use is low due to fewer people in the valley and that snowmaking helps to recharge the aquifer.

Sally Brew asked if chemicals are added to the water for snowmaking.

Mike Livak said chemicals are not typically added with the exception of an inert organic additive; SnoMax.

President Cox commented on Well #4 and asked this item be discussed at the next meeting as an information only item.

Ed Heneveld commented on the importance of water conservation and the need for more programs to incentivize water conservation.

There was discussion about a toilet replacement rebate program and that the estimated cost to the District would need to be subsidized by all of its water customers.

F-4 Annual Review of Purpose, Mission and Core Values Statements.

The Board reviewed the item, accepted public comment and approved the Purpose, Mission and Core Values statements with a revision to the Mission Statement.

Ms. Obayashi-Bartsch provided a review of the item.

President Cox commented on the District's role with parks and recreation and believes the District should include these services in its mission.

Director Wilcox said when the park was developed, it was intended that Placer County would deed the park to the District and the District would add parks and recreation to the District's mission. At this time, the District does not need to change the statements since it is worded in a manner to allow for additional services.

Ms. Drake said an extensive financial analysis was performed to determine the necessary funding for adding park services to the District and an additional tax assessment would have been needed.

Director Poulsen said the current statement allows for the addition of services such as parks but the District is not in a position to do so in a financially sound manner. The District currently has the ability to provide water, sewer and fire services in a financially sound and professional manner, which is consistent with the mission statement.

Director Gustafson concurs with Director Poulsen's comments and believes the focus should be on water, sewer and fire services.

Director Sheehan concurs with Director Poulsen's comments and recommends that the District not pursue taking on park services at this time.

Public Comment

David Stepner said if an additional assessment is needed to fund additional services, part-time owners will not be willing to pay an increased assessment unless there is a tangible benefit to them. He also said the Board should never advocate for higher water use to increase revenue and suggested adding "conservation minded" to the mission statement.

Jon Shanser said the mission statement should include parks and recreation.

Ed Heneveld said he supports not making changes to the mission statement at this time but that the Board should be open to future changes. He supports the inclusion of conservation in the mission statement and believes any significant changes to these guiding statements should be made through a community workshop.

Mr. Geary said the District would never advocate excessive water use for revenue generation and conservation is taken very seriously.

A motion to add “conservation minded” to the mission statement was made by Directors Wilcox/Sheehan; vote was unanimous. The statement as amended will read as follows:

“Squaw Valley Public Service District serves full-time and part-time residents, businesses, employees and visitors in Squaw Valley. The mission is to provide leadership in maintaining and advocating for needed, high-quality and financially sound community services for the Valley. These include, but are not limited to water, emergency services, and sewer and garbage collection. The District will conduct its operations in a cost effective, conservation-minded and professional manner, consistent with the desires of the community, while protecting natural resources and the environment.”

F-5 Annual Review of Investment Policy.

The Board reviewed the item, accepted public comment and approved the existing investment policy.

Ms. Drake provided a review of the item.

Director Sheehan said the priorities are, in order, (1) safety, (2) liquidity and (3) rate of return.

Public Comment – none

A motion to approve the policy was made by Directors Sheehan/Wilcox as submitted; vote was unanimous.

F-6 Bike Trail Snow Removal Equipment Financing with an Internal District Loan.

The Board reviewed the item, accepted public comment and approved an internal loan for financing of Bike Trail snow removal equipment.

Mr. Geary provided a review of the item including the purchase versus lease comparison and risk analysis of financing the purchase of the equipment. He said based on a conversation this morning, the North Lake Tahoe Resort Association (NLTRA) is unwilling to support purchase of the equipment at this time. They would like to assess program operations for a year with typical snow fall amounts and wish to see the outcome of the Incorporate Olympic Valley effort.

Director Sheehan and Director Wilcox recommended approving the internal loan for the snow removal equipment.

Director Poulsen does not support purchase of the equipment with an internal loan and believes the program should continue to operate in the current manner. While he supports the project, he does not support borrowing funds from the sewer fund as this project was to be provided at no cost or liability to the District.

Director Gustafson asked if purchasing the equipment outright rather than financing the equipment is a better option.

Public Comment

Ed Heneveld said he supports the proposed internal loan due to the low risk and community support of the program.

Jean Lange said she does not understand the NLTRA's concern with not having a normal snow year to assess the program. Mr. Geary said their concern is with snow storage issues and the ability to perform on budget in a normal snow year.

Sally Brew expressed support of plowing the path.

A motion to approve purchase of the equipment with an internal loan was made by Directors Sheehan/Gustafson as submitted; vote was 4 ayes to 1 nay by Director Poulsen.

F-7 Repairs to Wells #1R and #3.

The Board reviewed the item and accepted public comment.

Mr. McGraw provided a review of the item. He said as a result of testing production meters, it became evident that a significant flow from Well #1R was leaking back into the aquifer. This contributed significantly to the District's leak rate. He said with a contractor on site working on Well #1R it is prudent to take advantage of the economy of scale and get Well #3 repaired too.

The District's purchasing policy authorizes the General Manager to make budgeted purchases and to make emergency expenditures when necessary. The policy requires an open bidding process for contracts that are non-emergency and in excess of \$15,000.

The addition of Well #1R emergency repairs to the Well #3 rehabilitation budget is not in excess of the projected Well #3 project budget at present. However, once the wells have been dismantled and televised, additional work may be required. If it is evident that additional work is needed and the costs of emergency repairs will exceed \$26,000, an addendum to the contract for Well #3 would be pursued and the Board would be informed through the budget amendment process.

Public Comment

Jean Lange said there is a perception is that the District's water is tainted with arsenic and she believes that an article refuting that perception should be a subject in the District's newsletter and local newspapers.

G. Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

Chief Bansen provided a review of the reports and Department activities including training, public education, fire prevention and equipment updates. He said the full-time firefighter/paramedic position was offered to Michael Sacci who has accepted the offer. Michael has been serving as a part-time firefighter with the District for about two years. Engine 21 has been in Sacramento for significant repair work costing approximately \$12,000, which will require use of the entire vehicle maintenance budget for the year.

Public Comment – none

G-2 Water & Sewer Operations/Capital Projects Report.

Mr. McGraw provided a review of the report and an update on improvements to the community dumpster facility. Concern with the height of the chute handles and handicap access has been expressed. He has been working on the Tahoe Sierra IRWM Regional Water Management Plan, submitting six District projects eligible for Proposition 84 grant funds.

Public Comment – none

G-3 Administration Report.

Ms. Obayashi-Bartsch provided a review of the items.

Public Comment –none

G-4 Manager's Comments.

Mr. Geary made no comments.

Public Comment – none

G-5 Legal Report (verbal).

Mr. Archer made no comments.

Public Comment – none

G-6 Director's Comments.

Director Sheehan said he attended the California Special Districts Association (CSDA) Gold Country training and a Placer County Local Area Formation Committee (LAFCO) meeting on January 8th and submitted comments to staff on Phase II of the Creek / Aquifer Interaction Study.

Director Wilcox said the changes to the dumpster facility are an improvement.

Director Poulsen commended staff for catching the water leak on Well #1R. Mr. McGraw said John O'Neal and Blaine Wells should be recognized for their work on this item.

Director Gustafson said based on previous discussions of the Creek / Aquifer Interaction Study, he suggested that the geology of the KT and Red Dog area of the watershed and the Papoose Bridge area be investigated. He provided a copy to staff of a report which focused on this area.

President Cox thanked everyone for their participation at today's meeting.

H. Adjournment.

A motion was made by Directors Sheehan/Wilcox to adjourn the meeting at 11:55 A.M.; vote was unanimous.

By, K. Obayashi-Bartsch