

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #833
November 28, 2017**

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

Directors Present: Directors: Dale Cox, Carl Gustafson, Bill Hudson, Fred Ilfeld and Eric Poulsen

Directors Absent: None

Staff Present: Mike Geary, General Manager; Kathryn Obayashi-Bartsch, Secretary to the Board; Allen Riley, Fire Captain; Dave Hunt, District Engineer; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager and Thomas Archer, District Counsel.

Others Present: Michael Carabetta, Kendall Galka, Ed Heneveld, Jean Lange, Bob McClintock, Katrina Smolen, David Stepner and John Wilcox.

Chairman Cox asked Danielle Grindle to lead the Pledge of Allegiance.

B. Community Informational Items.

- B-1** Friends of Squaw Creek – Ed Heneveld provided an update on the Squaw Creek Meadow Restoration Project which will be presented to stakeholders and staff. There will be a review of the four grants secured, how they interface, the roles of various stakeholders and the proposed timeline to implementation.
- B-2** Friends of Squaw Valley – Mike Geary said the Squaw Creek Meadow Restoration Project presentation is scheduled for Thursday, November 30th at 9:45 A.M. in the District's Community room.
- B-3** Squaw Valley Design Review Committee (SVDRC) – none
- B-4** Squaw Valley Municipal Advisory Council (SVMAC) – none
- B-5** Squaw Valley Mutual Water Company (SVMWC) – none
- B-6** Squaw Valley Property Owners Association – Ed Heneveld said there will be a fireside talk and dinner at Graham's Restaurant on December 3rd.
- B-7** Mountain Housing Council of Tahoe Truckee – none
- B-8** Tahoe-Truckee Sanitation Agency (T-TSA) – Dale Cox said the agency is continuing to work on issues related to employee representation.

C. Public Comment/Presentation.

Public Comment –

Jean Lange said she would like to acknowledge the passing of David Brew. He was a wonderful person and contributed a great deal to the community.

Ed Heneveld asked about a Water & Sewer Committee meeting topic; Community Benefit Fees. He said it's an important issue and would like the item discussed at a future Board meeting or as part of the Parks & Recreation item on today's agenda.

Mr. Geary said a status report on Community Benefit Fees was provided to the Water & Sewer Committee including an update on legal challenges due to new federal regulations. Staff and Counsel reviewed the issue including a summary of the steps needed to be performed by the developer of the *Palisades at Squaw Project* to comply with the terms related to community benefit fee included in the development agreement with the District. Federal regulations regarding such fees have changed and are more rigorous. The *Palisades at Squaw* developer is having some difficulty meeting the requirements and staff and counsel is researching the issue.

D. Financial Consent Agenda Items.

Directors Poulsen and Ilfeld met with staff on November 27th from approximately 3:00 – 5:30 P.M. to review items D-1 through D-14 as well as other finance related items on this agenda.

Director Poulsen said the committee reviewed all finance related items on the agenda and discussed the annual financial audit. As part of the audit, there was considerable discussion of the Government Accounting Standards Board (GASB) pronouncements and the impact on the District's financial statements.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Ilfeld/Poulsen as submitted. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

E. Approve Minutes.

E-1 Minutes for the Board of Directors meeting of October 31, 2017.

Director Poulsen requested the following revision to page 1, item B-8, 2nd sentence to read as follows: "Eric Poulsen said at a recent meeting of the Squaw Valley Municipal Advisory Council, Placer County staff presented an update on their efforts to address affordable housing through zoning and other policies."

Public Comment – none

A motion to approve the minutes for the Board of Directors meeting of October 31, 2017 with requested revisions was made by Directors Gustafson/Hudson. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

F. Old & New Business.

F-1 Audit Report for Fiscal Year 2016-2017.

The Board reviewed the item and accepted public comment.

Bob McClintock and Kendall Galka of McClintock Accountancy (McClintock) reviewed the audit report. Mr. McClintock commended Ms. Grindle for preparing the financial statements which is the first time in the District's history that this has been performed in-house.

Mr. McClintock said their firm's opinion on the Financial Statement is unmodified, or a "clean" opinion. The audit was conducted under generally accepted auditing standards and is designed to obtain reasonable, rather than absolute, assurance about the financial statements.

The audit report was prepared by McClintock and the Financial Statements are representations of District management. McClintock reached their opinion after performing procedures and tests on the books and records. They do this in order to have reasonable assurance about whether the Financial Statements are free of material misstatement. They also assess the accounting principles used by management and the estimates used in the Financial Statements.

Accounting Policies/Accounting Estimates – Significant estimates, as detailed in the financial statements, include depreciation expense, and retirement related accruals.

Significant Adjustments/Passed Adjustments – There were three audit adjustments proposed and provided to management compared to two in prior year. The proposed adjustments related to accruing for a customer deposit, workers compensation and investment in fixed assets.

For the current year there is a new accounting pronouncement that will likely impact the District and is known as Generally Accepted Accounting Standards Board (GASB) 75 Accounting and Financial Reporting for Other Postemployment Plans (OBEB). This pronouncement requires governments to recognize their unfunded accrued other post-employment benefits obligation on the face of financial statements. It also requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about OPEB liabilities. This item becomes effective for the year ended June 30, 2018.

Also for the current year, the District maintains the fixed assets ledger which was previously maintained by Gibson & Company. Rather than continue with a spreadsheet, McClintock recommends the District acquire and use a fixed asset software, consistent with best practices.

The prior year audit matters including accounting memos, adjusting journal entries and financial statement preparation and tie-outs were performed consistent to suggested best practices.

Financial Highlights:

- Total net position increased by \$389,000 this year. There was an increase to cash on hand, prepaid expenses, and deferred outflows relating to pensions. This was offset in part by an increase in net pension liability as well as a decrease in deferred inflows relating to pensions.

- Of the total net position, \$1,177,000 is restricted and must be used only for specific purposes; \$4,340,000 is unrestricted and available for replacement of fixed assets; and \$2,320,000 is unrestricted but dedicated to future obligations.
- Water rates from FY2016 increased by 10% and Sewer rates from FY2016 increased by 6%. Property tax revenues increased this year by \$44,000 from FY2016, or about 1.3%.
- Total current assets exceeded current liabilities by \$429,000. This is a decrease from FY2016 current assets exceeding total liabilities by \$903,000. This is primarily due to an increase in Net Pension Liability offset by an increase in cash and investments, prepaid expenses, as well as decreasing debt from paying off the land loan.
- In the third year of GASB 68 implementation, Net Pension liability was recorded at \$4,899,000 including \$2,579,000 for Fire and \$2,320,000 for Utility. This is an increase of \$1,103,000 from the prior year.

Director Ilfeld expressed a high degree of concern with the large amount of unfunded pension liability and in particular its 29% increase over the prior year.

Public Comment –

John Wilcox said public employee pensions are grossly underfunded and are a ticking time bomb without a solution in sight. He described the approach that the City of San Jose has implemented to address this problem. He said they changed their benefit program from a defined benefit plan to a defined contribution plan.

Director Hudson asked Ms. Grindle how this issue is being addressed. She said that as Mr. McClintock explained to the Finance Committee having an open discussion about the issue, good budgeting and maintaining a strong cash flow position are positive steps to take. She said the District is doing those things and she will be researching the option of creating a reserve account specifically for this purpose.

F-2 Flexible Benefit Plan Amendment.

The Board reviewed the item, accepted public comment and approved Flexible Benefit Plan Amendment with Beniversal, Incorporated by adoption of Resolution 2017-19.

Ms. Obayashi-Bartsch reviewed the item. Flexible employee benefit plans may include health insurance, retirement benefits such as 401(k) plans, and reimbursement accounts that employees can use to pay for out-of-pocket health or dependent care expenses. The District offers a plan through Beniversal, Incorporated. The proposed amendment will allow the plan to reflect a medical maximum of \$2,650, effective January 1, 2018 which is \$50 more than in 2017 and is in accordance with the Internal Revenue Code.

Ms. Grindle said the District's cost to provide this plan is \$100 per month or \$1,200 per year.

Public Comment – none

A motion to adopt Resolution 2017-19, approving the Flexible Benefit Plan amendment with Beniversal, Incorporated was made by Directors Gustafson/Poulsen; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld- yes

Poulsen-yes

F-3 Parks & Recreation Services.

The Board reviewed the item and accepted public comment.

Mr. Geary reviewed the item. The District's role in providing Parks & Recreation services has been a subject of discussion many times in the District's history.

In 2015, the Board discussed providing Parks & Recreation services in the Valley. The discussion included impacts of Squaw Valley Real Estate's (SVRE) proposed Village at Squaw Valley Specific Plan (VSVSP), community input about its desires and priorities on how to mitigate such impacts with funds expected from Placer County Park Dedication Fees and Placer County Service Area assessments for Parks & Recreation services and facilities.

In 1997, the District passed Resolution 1997-28, which adopted a policy statement in regard to the purchase, operations and maintenance of the Squaw Valley Park property. In 1999, the District passed Resolution 1999-08, which declared the intent of the District to assume responsibility for Parks & Recreation facilities in Olympic Valley contingent upon the District's ownership of Squaw Valley Park.

In 2003, the District and Placer County were in negotiations for an agreement to transfer Parks & Recreation services and ownership of the Squaw Valley Park from the County to the District but the agreement was never executed.

In 2004, Placer County notified the District of its intent to keep Squaw Valley Park in County ownership with the possibility of transferring operational responsibilities to the District. There was considerable discussion about the pros and cons of the District's involvement, including fiscal and administrative responsibilities.

Ultimately, it was determined that the District would not expand its scope of services and provide park maintenance services or pursue ownership of Squaw Valley Park. The Board acknowledged the Squaw Valley Municipal Advisory Council's leadership in advocacy for the community with Placer County regarding the delivery of parks and recreational services. In 2011, the District agreed to provide maintenance and snow removal services on the Squaw Valley Bike Trail during the winter months. This expansion in service by the District was, and continues to be, contingent on outside funding such as the County's Transient Occupancy Tax (TOT) and contributions from local businesses as well as property owners and business associations.

In 2015, the Squaw Valley Municipal Advisory Council (MAC) formed a Parks & Recreation Sub-Committee to address Parks & Recreation issues in the valley. This sub-committee is intended to interact with the community and Placer County to address impacts and mitigations associated with Parks & Recreation facilities in Squaw Valley from SVRE's VSVSP.

The MAC Sub-Committee prepared and distributed a community survey in October, 2017 to receive input on what recreational facilities and other land uses are preferred at Squaw Valley Park. The survey results are not yet available.

The District's enabling legislation allows the District to construct, maintain, and operate Park & Recreation facilities. If an expansion of service is diligently and comprehensively evaluated for its impacts to the District's finances, staffing, and current levels of service and adequate contingencies are provided, then services needed or desired by the community can be added to the services provided by the District.

There are many alternatives with how to move forward regarding the District's participation in providing Parks & Recreation services including:

1. Maintain the District's current role providing maintenance and snow removal services on the Squaw Valley Bike Trail during the winter months.
2. Review the survey information collected by the MAC Parks & Recreation sub-committee when available. Support their efforts to the extent possible without a significant outlay of funds or staff resources.
3. Consider providing specific Parks & Recreation services on a case-by-case basis by evaluating the expenses needed to provide the service at a level commensurate with the District's standards and by identifying dedicated revenue to support the service. The identification of secured funding for services is critical to avoid impacts to the District's revenues from property tax and water and sewer user fees.

Staff recommends the District continue to listen to the community and consider the Mission Statement. Remain cognizant of mission creep and costs associated with providing additional services and don't assume additional responsibilities without identifying dedicated and secured funding for the services. Ensure that additional services assumed by the District can be delivered at the same level of service the Board requires and the community expects.

Public Comment –

Kat Smolen said the MAC Parks & Recreation sub-committee prepared and distributed a community Parks & Recreation survey which is available through the holidays. She said she would like to cover the Squaw Valley Park field with a pavilion and have snow removed from the field for lacrosse and other sports. She suggested the District provide snow removal service of the field.

Director Poulsen commented on the size of the field and the cost of such a structure. Ms. Smolen said the structure is estimated to cost \$2-2.5 million.

Director Poulsen said he believes that Placer County should support winter operations in the Valley as provided for in other Placer County communities which have parks & recreation services throughout the winter and not have to rely upon TOT funds for support. Infrastructure projects such as developing parks and trails are supported from developer dedication fees. Although much of the dedication fees in our zone have come from Squaw Valley developments, some of those fees have been used in Tahoe City and other areas that are within the same zone, but not in Squaw Valley.

Chairman Cox said the Squaw Valley Park is owned and operated by Placer County Parks & Recreation and the District would be hard pressed financially to provide such services.

Michael Carabetta said as a private citizen or as a group, the dilemma in the community is having an entity eligible to receive and manage TOT funds. There is no entity in the valley to receive and or manage TOT funds so potential projects remain unfunded and TOT funds are spent elsewhere.

David Stepner said the discussion about the Squaw Valley Park is pointless as it is a county park that is owned and maintained by the county and purchasing it would be quite expensive. He suggested the District consider acquisition of the western section of the park property which is undeveloped. The first step is to approach Placer County about purchasing the property. Mr. Archer said as a public property, the property must be declared surplus and valued at its highest and best use before any sale can occur.

Ed Heneveld said the budget to operate Squaw Valley Park is \$30,000 and suggested the District take over this operation. He made several suggestions about funding Parks & Recreation services including real estate transfer fees, taxes, grants, crowdfunding and TOT funds.

Chairman Cox asked about the preliminary results of the Parks & Recreation survey. David Stepner said approximately 20% of the survey respondents are property owners and of those, 80% indicated support of some level of funding for Parks & Recreation.

Kat Smolen said if the District included Parks & Recreation in its charter, it could partner with Creekside Charter School for future projects and facilities.

Director Ilfeld said the District may include Parks & Recreation in its charter but dedicated funding is needed. He suggested that community benefit fees, TOT funds and community assessment fees could support Parks & Recreation operations. Mr. Archer said the District has the authority to include Parks & Recreation in its charter but it is specific to areas under the District's control.

Director Hudson said he believes that the District is the logical entity for the valley.

The Board directed staff to include a Parks & Recreation Committee with the annual committee assignment item at the December Board meeting.

Mr. Geary said that according to the Operations Department *Spatial Needs Assessment* prepared in 2014, a two-acre parcel is needed to accommodate an expansion and relocation of the District's Corporation Yard, currently located on both of the District's properties. He said that the District has received and may receive TOT funds for projects such as Bike Trail Snow Removal Program.

Break 11:00-11:15

F-4 Truckee River Siphon Project – File California Environmental Quality Act (CEQA) Notice of Exemption.

The Board reviewed the item, accepted public comment, and authorized staff to file a CEQA Notice of Exemption with Placer County by adoption of Resolution 2017-20.

Mr. Hunt reviewed the item. The Squaw Valley Interceptor was constructed in 1978 as part of the larger Truckee River Interceptor (TRI) project. A part of the Squaw Valley Interceptor is the District's Truckee River siphon. The siphon is approximately 340 linear feet and begins on the west side of Highway 89 and extends across the highway and under the Truckee River, terminating at manhole 43 on the east side of Highway 89 and the Truckee River. The Truckee River siphon conveys the entire sewage flow out of the Valley.

Recent inspections indicated that this pipe is reaching the end of its useful life and the District is in the process of designing and permitting improvements necessary to replace the siphon in the summer of 2018.

The District is required to comply with the California Environmental Quality Act (CEQA) and will act as the Lead Agency for the Truckee River Siphon Replacement Project (Project).

The Project qualifies for a Class II, Replacement or Reconstruction exemption since it includes the replacement of an existing siphon and will serve the same purpose: to convey sewage across the Truckee River. The sole purpose of the Project is to replace a critical piece of infrastructure that has reached the end of its useful life. The Project will replace a single siphon line with a parallel pipe siphon system to provide the necessary redundancy and reliability the District requires for safe operation and maintenance. The design life of the new siphon system is 100 years, based on materials selection and construction methods. To further reduce future potential environmental impacts, the proposed system will be sized such that the parallel pipelines can convey existing dry weather and wet weather flows for land uses identified in the 1983 Squaw Valley General Plan and Land Use Ordinance.

Staff recommends authorizing the General Manager to execute and file a CEQA Notice of Exemption for the Truckee River Siphon Replacement Project.

Director Ilfeld asked if the project qualifies for an exemption since the project increases capacity. Mr. Hunt said the additional pipe allows for redundancy and environmental safety but that there is risk of a challenge based on increased capacity. The project is primarily to replace existing infrastructure and improve access for cleaning and maintenance so to reduce the risk of a sewer system overflow in the Truckee River; the increased capacity is an ancillary element of

the design. The 1983 Squaw Valley General Plan and Land Use Ordinance is presumed to have complied with CEQA requirements and analyzed potential environmental impacts specific to growth.

Public Comment – none

A motion to adopt Resolution 2017-20, authorizing staff to file a CEQA Notice of Exemption with Placer County for the Truckee River Siphon Project was made by Directors Gustafson/Poulsen. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

G. Status Reports.

G-1 Fire Department Operations Report.

Chief Riley reviewed the report and provided an update on equipment and apparatus including the new Type III Brush Rig (B-21). The old Type III Brush Rig (B-22) is scheduled for service to get needed maintenance and Fire Department logos have been placed on the new Type I Engine.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. Burks reviewed the report.

Public Comment – none

G-3 Engineering Report.

Mr. Hunt reviewed the report and provided an update on the PlumpJack Well Project.

Public Comment – none

G-4 Administration Report.

Ms. Obayashi-Bartsch reviewed the report.

Public Comment – none

G-5 Manager's Comments.

Mr. Geary reviewed the report. He provided an update on the Bike Trail Snow Removal Project including a contract for maintenance with Placer County and plans to return reserve funds to in-Valley program sponsors. He said that in acknowledgement of the passing of David Brew and the myriad contributions he made to the community and the Valley and on behalf of the District staff and Board, condolences were sent to Dave's wife Sally.

He also attended the Squaw Valley Ski Resort career celebration for Mike Livak.

Public Comment – none

G-6 Legal Report (verbal).

Mr. Archer had no comments.

Public Comment – none

G-7 Director's Comments.

Chairman Cox said Parks & Recreation has been discussed for decades as this community has struggled with this issue.

H. Adjourn.

Directors Hudson/Ilfeld made a motion to adjourn at 12:00 P.M. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

By, K. Obayashi-Bartsch