

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #820
November 29, 2016**

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: Directors: Dale Cox, Carl Gustafson, Bill Hudson, Eric Poulsen and John Wilcox.

Directors Absent: none

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

Others Present: Kendall Galka, Jean Lange and Bob McClintock.

President Cox asked Dave Hunt to lead the Pledge of Allegiance.

B. Community Informational Items.

B-1 Friends of Squaw Creek – Kathryn Obayashi-Bartsch said the Lahontan Water Board approved a contract for approximately \$235,638 with the Friends of Squaw Creek for a portion of the Squaw Creek Meadow Restoration project, and a \$118,550 contract with the Alpine Watershed Group for the Hope Valley Restoration and Aquatic Habitat Enhancement project. The funds for these projects are from Department of Justice monies resulting from Squaw Valley Ski Corporation's violations with various waste discharge requirements in the mid to late 1990's.

B-2 Friends of Squaw Valley – none

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) – Brandon Burks said SVMWC is in the process of finalizing their metered water billing system and they plan to replace some water lines in 2017.

B-6 Squaw Valley Ski Holdings – Mike Geary said the resort upgraded their water system over the summer at High Camp and Gold Coast. This project was in its final phase when the area received heavy precipitation which resulted in contamination of the system. The resort has been working to rectify the situation and District staff were consulted for assistance. Brandon Burks said there have been inquiries about the various water systems in the valley. Staff explained the difference between the systems run by the SVMWC, the District and the Squaw Valley Resort. Staff assured the public that there are no water quality issues with the District's water supply.

B-7 Squaw Valley Property Owners Association – none

B-8 Tahoe-Truckee Sanitation Agency – Dale Cox provided an update on the Truckee River Interceptor relocation project from MH81 to MH83, State Route 89/Fanny Bridge project and related TRI relocation.

C. Public Comment/Presentation.

Public Comment – none

D. Financial Consent Agenda Items.

Directors Poulsen and Hudson met with staff on November 28th from approximately 3:00 – 5:00 P.M. to review items D-1 through D-9 as well as other finance related items on this agenda.

Director Poulsen said the committee reviewed the financial audit with staff and representatives from McClintock Accountancy. They will be presenting the audit report to the full Board later in the meeting. Gibson and Company prepared the end of year financial statement which was audited by McClintock Accountancy. In the future, Ms. Grindle will prepare the end of year financial statement which will save the District the cost of an accounting contract with Gibson and Company.

Director Hudson said the committee reviewed the monthly financial reports and all items are in order.

Public Comment – none

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

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

E. Approve Minutes.

E-1 Minutes for the Board of Directors meeting of October 25, 2016.

Director Gustafson requested the following revision: On page 5, the 7th paragraph should read as follows: "Director Gustafson said he agrees with some elements of the column but does not support the column in its entirety, as he believes the local water supply may not have a safe yield."

Public Comment – none

A motion to approve the minutes with the requested revision for the Board of Directors regular meeting of October 25, 2016 was made by Directors Wilcox/Poulsen; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

E-2 Minutes for the Special Board of Directors meeting of November 2, 2016.
Ms. Obayashi-Bartsch said the following correction was requested: On page 2, under item D. Adjourn, the sentence should read as follows: "Directors Hudson/Wilcox made a motion to adjourn at 4:55 p.m.; vote was unanimous with the exception of Director Poulsen who was absent."

Public Comment – none

A motion to approve the minutes with a correction for the Board of Directors special meeting of November 2, 2016 was made by Directors Hudson/Wilcox; vote was unanimous with the exception of Director Poulsen who abstained.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-abstain

Wilcox-yes

F. Old & New Business.

This item was taken out of order.

F-2 Audit Report for Fiscal Year 2015-16.

The Board reviewed the item, accepted public comment and accepted the report.

Mr. Geary introduced Ms. Galka and Mr. McClintock of McClintock Accountancy. They provided a review of the report.

Mr. McClintock said the firm prepared the audit report and provided a summary report to the Board of Directors summarizing the Financial Statements and Audit Report for the year ending June 30, 2016. He said they did not identify any deficiencies of internal control considered to be material weaknesses.

Mr. McClintock said he and Ms. Galka discussed the impact of a new accounting pronouncement, Governmental Accounting Standards Board (GASB) Statement 68, with the Finance Committee. The most important impact of GASB Statement 68 is that the employers are required to report the net pension liability in their accrual based financial statements. GASB Statement 68 was implemented during the year ending June 30, 2015. In the past, the pension liability was disclosed in the report notes but not in the figures presented in the report.

The adoption of GASB Statement 68 requires employers providing governmental pension plans to provide additional reporting of the net pension liability on its financial statements. In the second year of GASB 68 implementation, the District's net pension liability was recorded at \$3,796,000 (\$1,979,000 for Fire and \$1,817,000 for Utility). This is an increase of \$697,000 from the prior year.

Financial highlights include the following:

- Total current assets exceeded total liabilities by \$903,000. This is an increase of \$257,000 from FY2015. This is due to cash and investments increasing, offset by an increase in net pension liability.
- Total net position increased by \$627,000 this year, primarily due to higher than anticipated ad valorem taxes received, reducing the balance of land and building loans, offset by an increase in net pension liability.
- Of the total net position, \$1,099,000 is restricted and must be used only for specific purposes, \$3,982,000 is unrestricted and available for replacement of fixed assets, and \$2,185,000 is unrestricted but dedicated to future obligations.
- Water rates from FY2015 increased by 12% and sewer rates from FY2015 increased by 8%.
- Property tax revenues increased this year by \$282,000 from FY2015, or about 9%.

Director Hudson said this was a clean audit and he thanked staff and the audit team for their work.

Mr. Geary thanked Ms. Grindle and Ms. Galka for their efforts and commended them for their work, particularly on the GASB Statement 68 reporting requirements.

Public Comment – none

Timed Item: 8:30 a.m. or as soon as the matter may be heard.

F-1 Fire Code Revisions – 2nd Public Hearing – Ordinance 2016-02.

The Board reviewed the item, accepted public comment and adopted Ordinance 2016-02, approving Fire Code revisions.

Chief Bansen reviewed the item. The Fire Prevention Code serves as a supplement to the California Building Code, California Fire Code and National Fire Protection Association (“NFPA”) Standards in situations where local government finds a need to require a different construction standard to address unique local conditions.

The revisions proposed at this time address several issues:

- Correct and update references to California Codes
- Removal of obsolete Fire Prevention Code sections
- Revise language to clarify the intent of the Fire Prevention Code
- New language that regulates installation of LPG-fired fire pits
- New language that allows prohibition of open burning at certain times of the year
- Language regulating installation and permitting of gates on private roads

The bulk of the changes include removing obsolete or duplicative language and replacing outdated references to other codes, standards, and documents with current citations. Other changes include revising the code on key boxes to require them for all new construction rather than just for homes with alarm systems.

Public Comment –

Jean Lange asked for clarification on the rules for LPG-fired fire pits. Chief Bansen said the rules are intended for units that are typically built or installed into an “outdoor living space”.

A motion to adopt Ordinance 2016-02, approving Fire Code revisions was made by Directors Hudson/Wilcox; vote was unanimous.

Cox-yes
Gustafson-yes
Hudson-yes
Poulsen-yes
Wilcox-yes

This item was taken out of order.

F-4 Records Destruction Request #14.

The Board reviewed the item, accepted public comment and authorized destruction of records by adoption of Resolution 2016-21.

Ms. Grindle reviewed the item. The records are non-essential financial records which have been kept much longer than the recommended retention period.

Public Comment – none

A motion to approve records destruction request #14 by adoption of Resolution 2016-21, was made by Directors Hudson/Wilcox; vote was four to one.

Cox-yes
Gustafson-no
Hudson-yes
Poulsen-yes
Wilcox-yes

This item was taken out of order.

F-5 Flexible Benefit Plan Amendment.

The Board reviewed the item, accepted public comment and approved the Flexible Benefit Plan amendment with Beniversal, Incorporated by adoption of Resolution 2016-22.

Ms. Obayashi-Bartsch reviewed the item. The amendment with Beniversal, Incorporated will allow the plan to reflect a medical maximum of \$2,600, effective January 1, 2017 in accordance with the Internal Revenue Code.

Public Comment – none

A motion to adopt Resolution 2016-22, approving the Flexible Benefit Plan amendment with Beniversal, Incorporated was made by Directors Gustafson/Poulsen; vote was unanimous.

Cox-yes
Gustafson-yes
Hudson-yes
Poulsen-yes

Wilcox-yes

This item was taken out of order.

F-6 Accounting Services – Gibson & Company – Additional Services Addendum (ASA) #2.

The Board reviewed the item, accepted public comment and authorized the General Manager to execute ASA #2 for accounting services.

Ms. Grindle reviewed the item. The amendment is needed due to unanticipated additional work to prepare and submit the end of year financial statement.

President Cox asked about the impact of having the end of year financial statement prepared in-house rather than contracted to an accounting firm and the impact to the audit.

Ms. Obayashi-Bartsch said the change to prepare the statement in-house has been planned for some time. Upon the retirement of the Controller, the position was changed to Finance & Administration Manager with the intent that the person filling the position would have sufficient training and experience to perform this work.

Mr. Geary said there is a limitation to the number of years that a firm may perform the audit, so the District will be issuing a request for proposals when it is appropriate.

Public Comment – none

A motion to authorize the General Manager to execute ASA #2 with Gibson & Company for accounting services was made by Directors Hudson/Wilcox; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

This item was taken out of order.

F-7 Grant Contract with North Lake Tahoe Resort Association (NLTRA) for Bike Trail Snow Removal.

The Board reviewed the item, accepted public comment, approved the agreement and authorized the General Manager to execute the agreement with North Lake Tahoe Resort Association (NLTRA).

Mr. Burks reviewed the item. The NLTRA granted \$70,000 to the District for bike trail snow removal for the 2016/17 winter. The contract is between the District and the NLTRA and provides the terms of the agreement and how the grant funds will be administered.

Director Poulsen said he appreciates the donations and grant support provided by the NLTRA for this project. He said Placer County owns the trail but does not provide winter park maintenance services as they do in other parts of the county. He believes that the county should take a larger responsibility for the work.

The Board directed Mr. Geary to approach Placer County for on-going support of trail maintenance including snow removal.

Public Comment – none

A motion to approve the agreement and authorize the General Manager to execute the agreement with North Lake Tahoe Resort Association (NLTRA) was made by Directors Wilcox/Hudson; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

This item was taken out of order.

F-8 Professional Service Agreement – On-Call Hydrogeologic Services – Interflow Hydrology.

The Board reviewed the item, accepted public comment and authorized the General Manager to execute a Professional Services Agreement for on-call hydrogeologic services with Interflow Hydrology.

Mr. Hunt reviewed the item. Staff desires to execute a Professional Services Agreement (PSA) with Interflow Hydrology to provide on-call hydrogeologic services.

These services will include:

- General hydrogeologic support, including, but not limited to, District water supplies, Olympic Valley Groundwater Management Plan, numeric groundwater modeling, and development related support;
- Peer review of hydrogeologic reports and studies prepared by others; and
- Regulatory support, including, but not limited to, the Sustainable Groundwater Management Act, Truckee River Operating Agreement, California Division of Drinking Water, etc.

Staff is confident that Interflow Hydrology has the staff and technical expertise to assist the District with on-call hydrogeologic support. As a local firm, Interflow Hydrology will be able to provide timely and cost effective support for the District.

Director Poulsen asked staff to comment on (1.) the need for the contract since the District has an engineer, (2.) the need for a contract with this consultant, since Derrick Williams has been the District's resource for this type of work, and (3.) whether there is a conflict-of-interest, as this consultant performed the independent third party review of the Water Supply Assessment.

Mr. Hunt said there is a need for this contract as it is a specialty outside of standard engineering. Derrick Williams, of HydroMetrics Water Resources, and Dwight Smith, of Interflow

Hydrology, have a good working relationship and Interflow Hydrology is more readily available due to their proximity to the District.

Mr. Geary said he does not believe there is a conflict-of-interest, as the Water Supply Assessment was an atypical project that the District does not engage in on a regular basis.

Mr. Archer commented on the standard terms of agreement provided by Interflow Hydrology and expressed concern with Section 4. Insurance Coverage and Section 5. Limits of Professional Liability.

Mr. Geary said the District's standard Professional Services Agreement will be used for the agreement and will only reference Interflow Hydrology's Standard Terms of the Agreement Section 1. Professional Fee Schedule.

Public Comment – none

A motion to approve the agreement and authorize the General Manager to execute the agreement with Interflow Hydrology was made by Directors Hudson/Wilcox; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

Break 10:50-11:00

F-3 Village at Squaw Valley Project Update.

Director Poulsen left the meeting room due to a conflict of interest from an ownership interest.

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

Mr. Geary said the Placer County Board of Supervisors approved the Village at Squaw Valley Specific Plan (VSVSP) and certified the Environmental Impact Report in a four to one vote on November 14th. They also approved the Water Supply Assessment prepared by the District on behalf of Placer County. District staff were present at the hearing to answer any technical questions from the Board of Supervisors, but none were asked.

Staff will provide updates to the status of negotiations to the Village Ad Hoc Committee and the whole Board as additional progress is made.

The Board discussed the appropriate role of Board members when expressing a personal opinion of the project. It is important to distinguish between expressing an opinion as a private citizen and as a Director or representative of the District.

Water

There is no new information to report since last month's Board Meeting.

Sewer

There is no new information to report since last month's Board Meeting.

Fire/EMS

There is no new information to report since last month's Board Meeting.

Public Comment –

Jean Lange said people vote not just for the individual but also for the ideas and opinions that they express.

Mr. Geary asked if the Board wants this item to continue as a standing monthly report. The Board directed staff to keep this item on the agenda but if there is nothing new to report, staff may simply indicate that.

Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

Chief Bansen reviewed the report and Fire Operations. He discussed the Incident View program which allows Fire Department staff to share incident information with other responders and to document patient information on-site using a tablet.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. Burks reviewed the report and provided an update on the status of the repairs to the community meeting room.

Public Comment – none

G-3 Engineering Report.

Mr. Hunt reviewed the report.

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.

Public Comment – none

G-6 Legal Report (verbal).

Mr. Archer discussed revisions to the Brown Act regarding posting materials on an agency's website. The District is in compliance with the requirements.

G-7 Director's Comments.

Director Wilcox said although election results have not been finalized, this may be his last meeting as a Director. He thanked everyone for their support and the Lange family for their consistent attendance at District meetings. He thanked Pete Bansen, Brandon Burks, Dave Hunt, Kathy Obayashi-Bartsch, Mike Geary and Tom Archer for their assistance.

Director Poulsen said Director Wilcox has worked hard for the District, has always been very honest and reasonable, and has done an amazing job as a Director.

Director Gustafson said he will miss Director Wilcox on the Board and appreciates his considerable knowledge and dedication to the District. He said although they did not always agree on issues, he believes this provided a healthy balance on the Board.

Director Hudson thanked Director Wilcox for his assistance getting him involved with the Board. He commended Director Wilcox for excellent service.

Directors Hudson/Wilcox made a motion to adjourn the open session and convene in closed session; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

H. Closed Session – Performance Evaluation – General Manager.

The Board met in Closed Session pursuant to Government Code §54957 et al. to discuss the performance evaluation of the General Manager.

Directors Wilcox/Hudson made a motion to adjourn the closed session and reconvene in open session; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

I. Possible Action Resulting from Closed Session.

Mr. Archer said only matters on the closed session agenda were discussed and no action was taken. He said the Board wishes to consider amending the current Employment Agreement with Mike Geary to allow, or provide for, a 1.5% COLA increase effective July 1, 2016.

Directors Hudson/Poulsen made a motion to amend the current Employment Agreement with Mike Geary to allow, or provide for, a 1.5% COLA increase effective July 1, 2016; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

J. Adjourn.

Directors Wilcox/Poulsen made a motion to adjourn at 2:15 p.m.; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

By, K. Obayashi-Bartsch

DRAFT