

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES #786
March 25, 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; Julie Dickman, Account Clerk II/Human Resource Specialist; Cindy Herbert, Office Manager; John O'Neal, Inspector; Blaine Wells, Operations Specialist III; Josh Wilson, Operations Specialist II; Schel Roland Operations Specialist I; Jason McGathey, Operations Specialist I and Thomas Archer, District Counsel.

Others Present: Dave and Sally Brew, Gary Davis, Emily Fralick, Ed Heneveld, Chevis Hosea, Fred Ilfed, Steve Lamb, Andrew Lange, Tom Rinne, Peter Schweitzer and Peter VanZant.

President Cox asked Sally Brew to lead the Pledge of Allegiance.

B. Community Informational Items.

- B-1 Friends of Squaw Creek – none
B-2 Friends of Squaw Valley – none
B-3 Squaw Valley Municipal Advisory Committee (SVMAC) – Brian Sheehan said the next meeting is scheduled for Thursday, April 3rd 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 a meeting will be held on April 12th at the Squaw Valley Lodge to reach out to the Homeowner Associations in the valley.
B-7 Tahoe-Truckee Sanitation Agency – Dale Cox said T-TSA is considering outsourcing of billing and receiving to Paymentus, rather than using local part-time staff. He asked the Board for their thoughts on the item. Some Board members expressed support to keep the work in house as it provides employment locally but some members said they could not express an opinion until information on the cost savings to the agency were better understood. Ed Heneveld asked if T-TSA commented on the revised Notice of Preparation for the *Village at Squaw Valley* Project. Dale Cox said he did not know if T-TSA submitted comments.
B-8 Incorporate Olympic Valley – Fred Ilfeld provided an update on LAFCo's release of Request for Proposals to prepare a Consolidated Fiscal Analysis (CFA). The revenue neutrality negotiations will begin after the CFA is released. The negotiators for Incorporate Olympic Valley are Vito Palermo, Bob Van Nort and Fred Ilfeld. Peter Schweitzer has resigned from the Board. The next public meeting is Tuesday, April 1st at 7 P.M. in the District's community room.

C. Public Comment/Presentation.

Recognition of the Squaw Valley Public Service District's 50th Anniversary - President Cox said the District was formed 50 years ago on March 24th, 1964. In recognition of this event, a three-part story about the District was published during the last few weeks in the *Sierra Sun* and read excerpts from the District's history authored by Chief Bansen. He said a framed listing of all Board of Directors will be displayed in the building, a banner recognizing the anniversary has been displayed on the building and invited everyone to a piece of anniversary cake.

Break 9:10-9:20 A.M.

D. Financial Consent Agenda Items.

Directors Poulsen and Sheehan met with staff on Monday, March 24, 2014 from approximately 4-5 P.M. to review items D-1 through D-14 as well as other finance related items on this agenda such as the first review of the budget and proposed rates for FY 2014-15.

Director Sheehan said he and Director Poulsen reviewed the finance related items with staff and all items appear to be in order. The District is 67% through the fiscal year; expenditures are running at approximately 39%, which leaves a positive margin of 6%.

Public Comment – none

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

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

E. Approve Minutes.

E-1 Minutes for February 25, 2014.

A motion to approve the minutes for February 25, 2014 as presented was made by Directors Wilcox/Poulsen vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

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 provided an update on the project. Squaw Valley Real Estate (SVRE) released the revised *Village at Squaw Valley* Specific Plan in January and Placer County released the Revised Notice of Preparation (NOP) of a Draft Environmental Impact Report (EIR) for the Proposed *Village at Squaw Valley* Specific Plan. The District submitted a response to the NOP which Mr. Geary provided to the Board via e-mail and hard copy.

Water

Mr. Geary said staff and District consultants are working on the Water Supply Assessment (WSA) and the Ad Hoc Committee has reviewed the proposed schedule and the process used to prepare the WSA. The Committee also discussed the Independent 3rd Party Peer Review by Inter Flow Hydrology who will review the WSA and prepare an independent opinion of the WSA.

Mr. Geary reviewed the definition of a “Public Water System” per SB610 and the District’s March 13, 2014 letter to Placer County which states the District does not meet the criteria of a public water system per SB610. He reviewed the roles and responsibilities of the District and Placer County and the District’s involvement with (1) Approval of WSA; (2) Cumulative Development Projections and (3) Cumulative Development Projections and Future Water Demand for WSA. Since the project proposes to be built over 25 years, the cumulative development projections include a 25 year horizon rather than 20 years as mandated by SB610. Placer County is the lead agency for the project.

Mr. Geary reviewed the District’s timeline to release the draft WSA at a special meeting on June 12th, a final WSA at the regular June Board meeting on June 24th and transmittal to the county on June 26th.

The approval of the WSA is the responsibility of the county not the District. The cumulative development projections are based on a 25 year basis rather than a 20 year basis and both the cumulative development projections are based on the county’s methodology.

Mr. Geary said the WSA is not a commitment to serve as the SB 221 Water Supply Verification (WSV) and other approval / commitment processes are required in the future.

Mr. Geary discussed the possibility of the *Village at Squaw Valley* Project forming their own mutual water company. He discussed the project’s proposal to install and use a gray water system.

Mr. Geary said the District will monitor hazardous materials and contaminants due to construction and ongoing / future operations aspects due to potential impacts to groundwater quality.

Public Comment

Andrew Lange asked if the county can provide the information needed to meet the District’s schedule to present the WSA in June. Mr. Geary said the information was provided to the District so the WSA schedule should be met.

Andrew Lange asked if the Board will approve the WSA and the impact to the county’s approval process. Mr. Geary said the Board may address issues for technical flaws in the WSA but will not be approving the WSA.

Peter VanZant said he is pleased that the technical aspects of the WSA may be commented on by the public before the Board.

Ed Heneveld said the District should comment on the parks and recreation component due to the involvement with the bike trail. He asked if the District will work on a development agreement with the developer if they have their own water system. Mr. Geary said regardless of the water situation, the District will engage in a development agreement for fire/EMS and sewer at a minimum.

Ed Heneveld asked if the water demand figures developed by the District are the same as the County’s. Mr. Geary said the District’s differing methodology used to create demand figures resulted in different demand figures from the county’s.

Mr. Archer said it is an important distinction that public comment made to the Board is not the same as comment made to the county as the lead agency.

Chevis Hosea said the 25 year horizon is a conservative approach to develop the projections. He provided a summary of the employee housing elements proposed including dormitory style housing.

Ed Heneveld asked if there is a nexus between the Redundant Water Supply Project and the WSA. Mr. Geary said the *Village at Squaw* Project does not propose using a redundant water supply so this work does not necessarily apply to the WSA. The Village at Squaw Valley Project needs a redundant water source for the same reasons existing customers need one.

Fire / EMS/ Emergency Vehicle Access (EVA)

Mr. Geary discussed the emergency service aspects of the project as well as the proposed emergency road access.

Public Comment – none

Sewer

Mr. Geary said staff and District consultants are working on the sewer collection system hydraulic modeling. He provided an update on sewer modeling of the District's sewer system. He said Tahoe-Truckee Sanitation Agency (T-TSA) is reviewing the project's impacts and will issue their own findings for their system.

Public Comment

Ed Heneveld asked for clarification of T-TSA's role. Mr. Geary explained T-TSA's role as a sewage collection and treatment agency.

Ed Heneveld asked about the relationship between the Olympic Valley Groundwater Management Plan and an Urban Water System Plan. Mr. Geary said the two are not the same, the Groundwater Plan is a plan for a specific aquifer but an Urban Plan is much broader and can involve multiple water sources.

Director Poulsen returned to the room.

The Board moved item F-5 to the next item on the agenda due to public interest in the item.

F-5 Capital Project - "Stables" Property Purchase for Community Use.

The Board reviewed the item and accepted public comment.

Mr. Geary provided a review of the item, including the staff meeting with the property owner to discuss the purchase of the property by a public agency for use as park. After discussion of several potential options that would result in the acquisition of the property by a public agency, the owner explained that he is not willing to sell the property and has refused prior purchase offers. He intends to keep the property for personal use for him and his family, whether the request to rezone the property is approved or denied by the County. As a result of this discussion, potential funding was not pursued.

Director Sheehan said no further action is needed at this time.

Public Comment

Gary Davis of Gary Davis Group Design and Engineering said Mr. Pavel and his family are not interested in selling the property and are proceeding with a County zoning request.

F-2 Declare an Election to be Held, Request the Placer County Board of Supervisors to Consolidate the Election with any other Election Conducted on said Date, and Request Election Services from the Placer County Clerk.

The Board reviewed the item, accepted public comment, and adopted Resolution 2014-01, declaring an election to be held, requesting Placer County Board of Supervisors to consolidate the election with any other election on November 4, 2014 and requesting election services from the Placer County Clerk.

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

Public Comment – none

A motion to adopt Resolution 2014-01 was made by Directors Wilcox/Sheehan as submitted; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-3 First Review of 2014-15 Fiscal Year Budget.

The Board reviewed the item, accepted public comment, provided direction to staff, and authorized the mailing and public notice of proposed maximum rate structures with a 2.98% increase in garbage, 11.5% in sewer and 15% in water and authorized mailing of proposed rate structures in accordance with Proposition 218.

Ms. Drake provided a review of the item and the assumptions used in developing the draft budget. The proposed rates reflect the maximum increase being considered and equate to a 19% increase for water, a 15% increase for sewer and 2.98% increase for garbage. These increases reflect the maximum increase possible and are not necessarily the rates that will be adopted. She explained the impact of fixed asset transfer funds on the overall budget. This is the most significant area to reduce the budget and maintain a lower percentage of increase in rates. She said the District's water sales are reduced due to fewer people coming to the valley this year.

Director Sheehan proposed the budget include fixed asset transfer funds to be \$100,000 rather than \$200,000 which will reduce the budget and proposed rate increase.

Director Wilcox said he agrees with Director Sheehan and the District should advertise a lower proposed rate increase in accordance with Proposition 218.

Director Poulsen agrees with Directors Sheehan and Wilcox and said we need to reduce expenses as much as possible on discretionary items.

Director Gustafson said while he would like to stabilize or reduce the cost to consumers, he is concerned with reducing the fixed asset transfer funds.

Public Comment

Andrew Lange said the District should consider other employee retirement options to reduce costs in the future.

A motion to approve proposed maximum rate structures with a 2.98% increase in garbage, 11.5% in sewer and 15% in water and authorize mailing of proposed rate structures in accordance with Proposition 218 was made by Directors Sheehan/Wilcox; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-4 Finance and Administration Manager Position.

The Board reviewed the item, accepted public comment and approved the proposed description and salary range of Finance and Administration Manager.

Mr. Geary provided a review of the item.

Public Comment

A motion to approve the proposed position description from Controller/Network Administrator to Finance and Administration Manager and salary range which is the same as the current Controller/Network Administrator position was made by Directors Wilcox/Sheehan as submitted; voice vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-6 Amendment to Olympic Estates Development Agreement.

Director Poulsen left the room due to a conflict of interest from a filial interest. He did not listen to the discussion through a one way audio feed. Russell Poulsen participated through a two-way audio feed on behalf of Lance Poulsen.

The Board reviewed the item, accepted public comment, adopted Resolution 2014-02 authorizing execution of the First Amendment to the Water & Sewer Service Agreement for the Subdivision and adopted Resolution 2014-03 accepting dedication of a Grant of Sewer Easement located on APN 096-230-056 (Olympic Estates Subdivision).

Mr. Geary said the District entered into a Water and Sewer Service Agreement for a 16-unit single-family residential subdivision on a 4.2-acre parcel (APN 096-230-056) on the west side of Creeks End Court on May 19, 2009 with the Poulsen Investments Corporation which expires on May 19, 2014. The developer has requested an extension to the Agreement to August 7, 2016, which aligns with the extension for the Tentative Map / Conditional Use Permit for the project issued by Placer County. Per section 13.2 of the Agreement, the District Board of Directors may extend the Agreement upon the request of the developer.

Staff negotiated with the property owner to replace the District's existing Sewer Interceptor that transects the property. There exists a 10-foot easement on the property for the existing Sewer Interceptor. The Amendment to the Agreement includes the recordation of a new 20-foot wide easement for sufficient space to effectuate repairs and replacement of the pipe in the future. Acceptance of this new Grant of Easement for the existing Sewer Interceptor and its replacement is included as a separate action of the Board for this agenda item.

Russell Poulsen said Lance is not entirely positive that construction will begin this summer as planned, however agrees with the terms as long as the extension is granted into 2016.

Public Comment

Andrew Lange said it is important that all easements and responsibilities are clearly defined between the parties.

A. Amendment to the Water & Sewer Services Agreement- Execution of First Amendment and Memorandum of Agreement.

A motion to adopt Resolution 2014-02 authorizing execution of the First Amendment to the Water & Sewer Service Agreement and Memorandum of Agreement for the Subdivision was made by Directors Wilcox/Gustafson; motion passed unanimously with the exception of Director Poulsen who was absent.

Cox-yes

Poulsen-absent

Gustafson-yes

Sheehan-yes

Wilcox-yes

B. Amendment to Olympic Estates Development Agreement-Olympic Estates Easement Dedication.

Public comment- none

A motion to adopt Resolution 2014-03 accepting dedication of a Grant of Sewer Easement located on APN 096-230-056 (Olympic Estates Subdivision) was made by Directors Gustafson/Wilcox; vote passed unanimously with the exception of Director Poulsen who was absent.

Cox-yes

Poulsen-absent

Gustafson-yes

Sheehan-yes

Wilcox-yes

G. Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

There were no questions or comments on the reports.

Public Comment – none

Director Poulsen returned to the room.

G-2 Water & Sewer Operations Report.

Mr. McGraw provided a review of the report. He reported on leaks in the 12" diameter ductile iron pipe located in the stable area (under old horse stalls). It was initially thought to be one leak but found additional leaks. When clamping the second hole failed, they replaced 23 feet of pipe with plastic pipe. The condition of the interior of the pipe is good but the exterior condition indicates "hot" soil. The pipe was installed in 1984, is 30 years old and is in extraordinarily poor condition. District staff will excavate upstream and downstream to evaluate the extent of the heavily corroded pipe for replacement planning.

Mr. Geary said the Operations report on page 4 shows the unmetered water loss which had been displayed as a percentage basis in the past. It is now reported on a volume basis as this provides a more meaningful measurement.

Public Comment – none

G-3 Administration Report.

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

Public Comment – none

G-4 Manager's Comments.

Mr. Geary provided a review of the report. Staff is updating a proposal to provide operation and maintenance services to the Mutual Water Company (MWC) for their water system. MWC is accepting proposal until April 11, 2014 in anticipation of the retirement of their Operations Manager. If the MWC desires to move forward, staff will provide additional information to both the Water & Sewer Committee and the Board.

Aleta Drake's pending retirement resulted in retitling the current position of Controller/Network Administrator and updating the job description. The new position is Finance and Administration Manager. Interviews were conducted and included assessments of accounting principles and communication skills.

After careful review of, and discussions with, many highly qualified applicants and a check of references, staff made an offer of employment to Tom Campbell. Tom accepted the offer and will begin work on April 21, 2014. He brings 18 years of experience in finance, human resources and administrative functions for several national and internationally prominent employers.

Public Comment –

Andrew Lange asked if Alpine Springs County Water District was contacted regarding the redundant water supply project. Mr. Geary said a meeting is being scheduled.

Dave Brew commented on the source of water in the valley's groundwater. He said based on Dr. Jean Moran's work with isotopic signatures, precipitation falling at higher elevation is not reaching the aquifer. He believes rainfall at higher elevations is moving through the bedrock into the Truckee River and suggests this as an area for further investigation.

G-5 Legal Report (verbal).

Mr. Archer made no comments.

Public Comment – none

G-6 Director's Comments.

President Cox commented on the "stables" property and the District's role in issuing a will-serve letter before the zoning request is approved. Mr. Archer said staff is staying abreast of proposed projects but is not promoting a project. It is a ministerial action to issue a will-serve letter.

H. Adjournment.

A motion was made by Directors Wilcox/Gustafson to adjourn the meeting at 12:10 P.M.; vote was unanimous.

By, K. Obayashi-Bartsch