

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #837
March 27, 2018**

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 Chief; Dave Hunt, District Engineer; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager and Thomas Archer, District Counsel.

Others Present: David Stepner and John Wilcox.

Chairman Cox asked David Stepner 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 Design Review Committee (SVDRC) – David Stepner provided an update on the plans to install gates at the Resort at Squaw Creek parking lot.

B-4 Squaw Valley Municipal Advisory Council (SVMAC) – David Stepner said at the next meeting there may be informational presentations on the Squaw Valley Museum Foundation and the Mountain Twister.

B-5 Squaw Valley Mutual Water Company (SVMWC) – David Stepner said the group has updated bylaws and is working on financing options to update infrastructure.

B-6 Squaw Valley Property Owners Association – none

B-7 Mountain Housing Council of Tahoe Truckee – Danielle Grindle provided an update on the Fee Committee's work, specifically the fees that are charged by local agencies for new development and the methodology used in producing these charges.

B-8 Tahoe-Truckee Sanitation Agency (T-TSA) – Dale Cox said the agency is working to update their Personnel Manual. The Truckee River Interceptor project is scheduled to begin in May and the proposed Avery Hotel is also being discussed. There is ongoing discussion regarding employee unionization efforts.

C. Public Comment/Presentation.

Public Comment – Dave Stepner congratulated Danielle Grindle for volunteering on the Placer County CAP committee and urged the District's Parks & Recreation Committee to meet. He also discussed the plans to form a micro transit district and provided an update on the Sierra Watch lawsuit regarding the Brown Act violation for the Squaw Valley Real Estate Development Agreement.

C-1 Recognition of Service – 10 years – Schel Roland, Operations Specialist I

Brandon Burks accepted the award in Schel Roland’s absence. Chairman Cox commended Schel Roland for his excellent service.

D. Financial Consent Agenda Items.

Directors Poulsen and Ilfeld met with staff on March 26, 2018 from approximately 3:00 –5:00 P.M. to review items D-1 through D-13 as well as other finance related items on this agenda.

Director Poulsen said the Committee reviewed all finance related items on the agenda and the financial items are in order. He noted that most of the meeting was spent reviewing the first draft of the budget. The District has not received reimbursement for the Bike Trail Snow Removal Project from Placer County, but staff is working with the County to resolve this.

Director Ilfeld said most of the meeting was spent reviewing the first draft of the budget which will be presented later in the board meeting.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Ilfeld/Hudson 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 February 27, 2018.

Public Comment – none

A motion to approve the minutes for the Board of Directors meeting of February 27, 2018 was made by Directors Poulsen/Gustafson. The motion passed and the vote was unanimous.

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

F. Old & New Business.

F-1 California Special Districts Association (CSDA) – Board of Directors Nominations Seat A.

The Board reviewed the item, accepted public comment and did not nominate a candidate.

Ms. Obayashi-Bartsch reviewed the item. The CSDA Elections and Bylaws Committee are seeking Special District Board Members or General Managers who are interested in the leadership of the California Special Districts Association for the 2019-2021 term.

Public Comment – none

The Board determined that there was no interest in running for a seat on the Board and did not nominate a candidate.

F-2 Squaw Valley Public Service District Election – 2018.

The Board reviewed the item, accepted public comment and adopted Resolution 2018-02, declaring an election to be held, requesting Placer County Board of Supervisors to consolidate the election with any other election on November 6, 2018 and requesting election services from the Placer County Election Division.

Ms. Obayashi-Bartsch reviewed the item. The District engages the services of Placer County Election Division to run the election for the District's Board of Directors. This requires approval of the Board to request these services from Placer County.

There will be two seats up for election in 2018. As of the date of the report, there are 553 registered voters and the estimated cost is \$1.25 per voter. The estimated cost of the election is a total of \$1,091.25 including public notice advertisements.

Public Comment – none

A motion to adopt Resolution 2018-02, declaring an election to be held, requesting Placer County Board of Supervisors to consolidate the election with any other election on November 6, 2018 and requesting election services from the Placer County Election Division was made by Directors Poulsen/Hudson. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

This item was taken out of order.

F-5 1810 Squaw Valley Road Facility Lease – Squaw Valley Institute.

The Board reviewed the item, accepted public comment, approved revised lease terms and authorized the General Manager to execute the lease.

Mr. Geary reviewed the item. Since 2006, the Squaw Valley Institute (Institute) has leased a variety of spaces at the old firehouse at 1810 Squaw Valley Road. The current lease expires on March 31, 2018 and Matt Reardon, Executive Director of the Institute, requests a lease renewal of two years.

The terms of the proposed lease are:

- Rent: \$2,131/month (\$1.75 per square foot)
- Utilities: \$350/month
- Snow Removal: \$400/year
- Term: April 1, 2018 to March 31, 2020
- Parking Spaces: two
- Security Deposit: \$4,200

Staff researched rates of comparable properties to determine market value for the upstairs space at 1810 Squaw Valley Road. Rental rates for office space in Truckee are around \$1.70 per square foot and in Tahoe City around \$1.89 per square foot.

Director Ilfeld asked if the Squaw Valley Institute should get a reduced rate due to their contribution to the community.

Public Comment –

John Wilcox said the Institute was formed in 2002 to fill a cultural vacuum and was funded by grants. This is a non-profit group and he believes the community benefits from their programming and should not be charged the market rate to lease the facility.

Matt Reardon asked that the proposed rental rate of \$1.75/square foot be reduced as this is more than double from what is currently being charged. He described the programs and cultural benefits that the Institute provides to the community.

The Board asked questions of Mr. Reardon regarding programs, future plans, sponsorship by the Squaw Valley Resort and who may use the facility besides Institute staff.

David Stepner said there may be many changes in the valley in the next two years and suggested including the ability to terminate the lease in order to remain flexible to changing conditions.

Chairman Cox said he supports a two year lease with the ability to renew as mutually agreeable and would like to charge a rate that is less than \$1.75/square foot due to the Institute's contribution to the community.

Director Hudson said as an individual, he believes the Institute provides a great service to the community and would like to do something to reduce the rate. He believes that a 100% increase is unfair to any tenant.

Director Poulsen said the Institute provides a valuable service but is concerned with the potential gift of public funds.

Director Ilfeld suggested a rate of \$1.31/square foot rather than \$1.75/square foot. Mr. Reardon said he hopes the Board will approve a rate of \$1.30/square foot.

The Board agreed upon a lease of \$1.30/square foot for a two year lease, with a 120 day notice to terminate and to include a clause for promotional consideration of the District in the Institute's materials.

A motion to approve the Commercial Lease with Squaw Valley Institute to include the following terms:

- Rent: \$1,583/month (\$1.30/square foot)
- Utilities: \$350/month
- Snow Removal: \$400/month
- Term: April 1, 2018 to March 31, 2020
- Parking Spaces: two
- Security Deposit: \$3,200
- Termination: 120-day notification by either party
- Promotional consideration clause included

and authorize the General Manager to execute the lease was made by Directors Hudson/Ilfeld. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

F-3 First Draft of FY 2018-2019 Budget and Rates.

The Board reviewed the item and accepted public comment.

Ms. Grindle reviewed the First Draft of FY 2018-2019 Budget and Rates. The proposed budget was prepared with a focus on establishing adequate reserves of the District's Fixed Asset Replacement Funds (FARFs) while supporting the required resources to provide consistent and quality utility and fire services to the community.

During the budget preparation process, the Board's attention is drawn to estimated changes in property tax, changes in rate revenue, proposed utility rate increases, debt reduction or proposed new debt, operating budgets, capital budgets, pension expenses, and contributions to Fixed Asset Replacement Funds (FARFs). It is still early in the budget process and a few assumptions were made while details are being researched.

During FY 2016-2017, a Cost of Service Analysis (COSA) and Rate Study were completed which leveraged a recently completed 100-year Capital Replacement Plan. The COSA recalibrated the rate structure to more equitably reflect the District's different customer classes' use of water and sewer systems. The Rate Study emphasized the District's priority to fund the FARFs in order to position itself to replace capital assets as they reach the end of their useful lives. Both the COSA and Rate Study provide guidance to fund the FARFs at levels that will preclude the need to seek alternative funding options such as special assessments, debt financing, and/or sharp rate increases.

Staff believes that it is necessary to fund the water FARF at approximately \$625,000 per year, the sewer FARF at \$500,000 per year, and the Fire FARF at \$250,000 to be fully funded.

The 2018-19 rate increases are in line with the five-year Prop 218 notice distributed to District customers in April 2017. Proposed rates provide funding to achieve revenue requirements: 4% rate increase for water, 5% rate increase for sewer, and a 2% rate increase for garbage.

Payroll across the utility and the fire department includes a 2% cost of living adjustment. Per the Memorandum of Understanding (MOU) between the District and the Union representing the Operations Department, the COLA is in line with the Consumer Price Index (CPI) as estimated by the U.S. Bureau of Labor Statistics.

The Fire Department is working on the annual salary survey and the results will be reflected in upcoming budget drafts. The CalPERS Annual Required Pension Liability payment increased by \$28,000 to \$146,000 for the Miscellaneous group and increased by \$36,000 to \$153,000 for the Safety group. CalPERS, the District's pension plan administrator, is undergoing a "smoothing" process as they consolidate their pooled plans to further reduce risks and assure adequate growth in the pension plans.

The Ad Valorem property tax revenue is estimated to increase 0.96% from the anticipated 2018 revenue, for a total of \$3,530,000 after fees are deducted. This is a conservative estimate and uses the FY 2017-2018 Placer County assessed property tax multiplied by the FY 2018-2019 California CPI, and then multiplied again by the Adjusted Gross Levy percentage of each of the District funds.

The District operates on approximately \$3.1 million in rate revenue and \$3.5 million in tax revenue annually. These funds must be used to cover operations, pay for capital projects, which are estimated to be over \$3.4 million in FY 2018–2019, and save for future capital replacements.

Public Comment –

John Wilcox commented on the long term CalPERS liability and its unsustainability.

There was discussion about the CalPERS implications on the District as well as current procedures and policies that have been implemented to address long term impacts.

F-4 Sanitary Sewer Manhole Inspection and Condition Assessment – Farr West Engineering Professional Services Agreement.

The Board reviewed the item, accepted public comment, approved the agreement with Farr West Engineering and authorized the General Manager to execute the agreement.

Mr. Hunt reviewed the item. The District has approximately 435 sanitary sewer manholes (SSMHs) in its collection system, with manholes dating back to 1958. The average useful life of a concrete manhole is approximately 50 years. Formal inspection and condition assessment of District manholes has not been performed in the past.

Staff developed a program similar to the Closed Circuit Television (CCTV) inspection program, which will include inspection and condition assessment of all of the District's SSMHs over a four year period starting in 2018. Formal condition assessments will be performed following the protocol of the National Association of Sewer Service Companies (NASSCO) and the Manhole Assessment and Certification Program (MACP). NASSCO has established a national standard to provide the sewer industry with the ability to accurately assess their infrastructure.

The first year's inspection will be performed by NASSCO certified staff from Farr West Engineering, with assistance from District staff. The process includes field inspection and photographic and video data collection of SSMHs in the system. This will be performed by the District's Junior Engineer under the direction of Farr West's NASSCO certified staff. Farr West will assess the information collected during field inspections, complete scoring forms for each manhole and produce final NASSCO Manhole Component Defect forms.

District Junior Engineer Tyler Trojan will be attending the NAASCO certification course in May 2018. With this certification, subsequent assessments will be performed entirely in-house, with the exception of integration of the data into the GIS database.

The FY 2017-2018 budget included \$40,000 in the capital projects budget for performance of this work. The proposed Farr West Engineering contract amount is not to exceed \$21,287. It is estimated that District staff time will be approximately \$7,500, for a total project budget of \$28,787.

Public Comment – none

A motion to approve the agreement with Farr West Engineering as proposed with an amount not to exceed \$21,287 and authorize the General Manager to execute the lease was made by Directors Hudson/Ilfeld. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

F-6 Fire Department Annual Report.

The Board reviewed the item and accepted public comment.

Chief Riley reviewed the item. The annual report includes a review of the Department's accomplishments and activities in 2017, including calls for service, community CPR classes, child passenger safety program, wildland fire activities, fleet information and staffing information. The report also includes a summary of the Department's defensible space and prevention efforts and a summary of staff training.

Director Poulsen commended Chief Riley for his performance and referenced Captain Chisholm's report, specifically the ISO rating and need for specific training to improve the rating.

He said the training recommendations made by Captain Chisholm should be addressed to the extent possible. Chief Riley said other Fire Departments have battalion chiefs or assistant chiefs to help with these issues.

Public Comment – none

G. Status Reports.

G-1 Fire Department Operations Report.

Chief Riley reviewed the report. He discussed the residential fire that occurred on March 17th. It appeared that there was a propane leak which, when triggered by a clothes dryer being opened, caused an explosion. The two people who were present to clean the rental property were injured with severe burns.

Chairman Cox commended Captain Chisholm and the crew as well as the mutual aid responders. He suggested a letter of appreciation be sent to Captain Chisholm and all crew members who assisted, as well as the mutual aid responders.

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 including an update on the Truckee River Siphon Project and PlumpJack Well.

Truckee River Siphon – District staff is working with Stantec and Farr West Engineering on the permitting and design of the Truckee River Siphon Replacement Project. Currently, the project is at 95% design level, making plan and specification updates as required based on agency meetings and environmental permitting conditions.

Farr West provided a 100% construction cost estimate of \$1.4 million. It is expected that the project will be publicly bid in April or May 2018, with an estimated construction start date of July 1, 2018. Construction is anticipated to be complete by October 31, 2018.

PlumpJack Well – The District was informed by the developer that construction of their project is being delayed by one year, until 2019. This is due to the high costs of construction for the hotel component of the project.

It was the District's intent to design and construct the well house in parallel with the developer's construction schedule. Based on this delay, staff has met internally, with the developer, and with Placer County staff to determine the best way to move forward with the well house.

Placer County staff met with the developer to assess the required actions to move forward with a revised project (in the form of partially or completely eliminating the hotel rooms and replacing them with condominiums). The County indicated that the developer would likely have to return to the Design Review Committee, and may be required to issue a minor addendum to their California Environmental Quality Act (CEQA) document based on the revised project. The County would also likely require the developer to incorporate the District's well house into the Design Review resubmittal process. Originally, the District was going to go through Design Review independent of the Developer. Based on the information known at the time of this report, there are a number of reasons that lead the District into waiting until 2019 to construct the new well house. These include:

- The District would be able to work under the PlumpJack entitlements and permits, eliminating the need for the District to perform a separate CEQA analysis specifically for the well house.
- The District would save budget as the Developer would bear the responsibility of completing County Conditions of Approval and CEQA mitigation measures.
- Waiting for the water line relocation required by the Developer, the District would not have to reconnect to the new water main after its completion.
- The District would not have to go through Design Review independently of the overall project.
- There would be potential cost savings if the Developer's contractor is the low bidder for the District's well house since they would already be mobilized to the site. Also, this would eliminate the potential confusion of having two contractors working on the same site.

There are potential benefits of constructing the well house in 2018. These include:

- Reducing the risk of increased construction costs due to inflation.
- Reducing the risk of further delay if the PlumpJack Renovation Project is delayed even further.

The District will meet with the Developer within the next week to further discuss these issues.

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 had no comments.

Public Comment – none

G-7 Director's Comments.

There were no comments.

H. Adjourn.

Directors Hudson/Ilfeld made a motion to adjourn at 11:30 A.M. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

By, K. Obayashi-Bartsch

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