

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #811
March 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; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager; Dave Hunt, District Engineer and Elizabeth Hobstetter, Office Supervisor.

Others Present: Chevis Hosea, Jean Lange, Andrea Parisi, Vince Sosnkowski, David Stepner and Mark Wasley.

President Cox asked Chevis Hosea to lead the Pledge of Allegiance.

B. Community Informational Items.

B-1 Friends of Squaw Creek – none

B-2 Friends of Squaw Valley – David Stepner said the Village at Squaw Valley project's final EIR will be released in early April. A revised Specific Plan will also be released and the County Board of Supervisor's entitlement hearing will take place approximately 45 days after the EIR is released.

B-3 Squaw Valley Design Review Committee (SVDRC) – David Stepner said the group did not meet last month.

B-4 Squaw Valley Municipal Advisory Council (SVMAC) – David Stepner said at the last meeting there was a presentation on medical marijuana and how cultivation and other aspects will be regulated in Placer County. The group is waiting for an update on the Resort @ Squaw Creek Phase II project. President Cox requested the Resort at Squaw Creek Phase II project be reviewed at either the committee or Board level. Mr. Geary said this item will be reviewed at a Water & Sewer Committee meeting next month.

B-5 Squaw Valley Mutual Water Company (SVMWC) –David Stepner provided an update on fee restructuring and are resolving other financial matters.

B-6 Squaw Valley Ski Holdings – no report

B-7 Squaw Valley Property Owners Association – no report

B-8 Tahoe-Truckee Sanitation Agency – Dale Cox provided an update on the following items: State Route 89/Fanny Bridge Project & related Truckee River Interceptor (TRI) relocation agreement and TRI Improvements from Manhole 81-83.

C. Public Comment/Presentation.

Vince Sosnkowski of the Squaw Valley Education Foundation asked the Board to consider a one-time rent reduction of \$20,000. The Board directed staff to place this item on the April Board meeting agenda.

Mr. Geary introduced Elizabeth Hobstetter as the District's new Office Supervisor. The Board welcomed her to the District.

Public Comment – none

D. Financial Consent Agenda Items.

Directors Poulsen and Hudson met with staff on March 28th from approximately 3:30 –5:00 P.M. to review items D-1 through D-11 as well as other finance related items on this agenda.

Director Hudson the committee met and reviewed the budget and proposed rates as well as the monthly financial reports. All items appear to be in order.

Director Poulsen said additional revenue streams such as Wildland Fire Response, Squaw Valley Mutual Water Company and others are being included into the financial reporting. He commended Ms. Grindle for adding the highlights section to exhibits D-1 and D-2. The committee also discussed how budgeting for sick and vacation leave is accomplished.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Gustafson/Hudson 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 February 23, 2016

Director Poulsen requested the following revisions:

page five, item F-4 should include Mr. Archer's determination that Director Poulsen did not have a conflict of interest on this item

page six, item F-5, on the next to last paragraph on the page should include the addition of the word "irrigation" and read as follows: " Director Poulsen said the Chapel should be prepared to install an irrigation meter..."

Ms. Obayashi-Bartsch said the word "special" should be deleted from page two, item E-1 and read as follows: "Minutes for the Board of Directors meeting of January 26, 2016."

A motion to approve the minutes for the Board of Directors meeting of February 23, 2016 with revisions was made by Directors Wilcox/Gustafson; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes
Wilcox-yes

F. Old & New Business.

F-1 Village at Squaw Valley Project Update.

Director Poulsen left the meeting room due to a conflict of interest from an ownership interest. He listened to the discussion through a one way audio feed.

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

Mr. Geary reviewed the item. Staff, District counsel and consultants are in the process of negotiating a Development Agreement with Squaw Valley Real Estate (SVRE) for the proposed project. Current work includes updating the District's standard Development Agreement; customizing it for the Village at Squaw Valley Project. Staff is also finalizing business points for negotiation with SVRE representatives.

Water

Work in support of managing groundwater resources consistent with the objectives of the Olympic Valley Groundwater Management Plan are considered to augment the purposes of the Development Agreement, specifically preparation of the Quinquennial Review and Report (QRR) and the proposed Water Management Action Plan (WMAP). Other progress includes completion of the Well Setback Exhibit and Well Development Schedule, both critical in establishing separation and timing standards for future municipal wells proposed to provide water supply for the project.

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 – none

F-2 Declare an Election to be Held, Request Placer County Board of Supervisors to Consolidate the Election with any other Election Conducted on November 8, 2016, and Request Election Services from the Placer County Clerk.

Director Poulsen returned to the meeting room.

The Board reviewed the item, accepted public comment and adopted Resolution 2015-01, declaring an election to be held, requesting Placer County Board of Supervisors to consolidate the election with any other election on November 8, 2016 and requesting election services from the Placer County Clerk.

Ms. Obayashi-Bartsch reviewed the item.

Mr. Geary said the election will include three seats of four years and one seat for two years. Staff is preparing an election information summary sheet that will be reviewed by Placer County Elections staff. This information will be posted on the website and bulletin board and distributed to the Board.

Public Comment – none

Directors Hudson/Gustafson made a motion to adopt Resolution 2016-01, declaring an election to be held, requesting Placer County Board of Supervisors to consolidate the election with any other election on November 8, 2016 and requesting election services from the Placer County Clerk; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

F-3 California Special Districts Association (CSDA) – Board of Directors Call for Nominations Seat B.

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

Ms. Obayashi-Bartsch reviewed the item. The Board did not express interest in nominating a candidate.

Public Comment – none

F-4 Placer County Local Area Formation Commission (LAFCO) – Special District Representative – Call for Nominations.

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

Ms. Obayashi-Bartsch reviewed the item. The Board did not express interest in nominating a candidate.

Public Comment – none

F-5 Annual Review of Investment Policy.

The Board reviewed the item, accepted public comment and approved the District's Investment Policy.

Ms. Grindle reviewed the item. The current investment policy is based on conservative principles with an emphasis of earning maximum returns while mitigating any loss of principal. Staff is proposing one change to the policy. Staff proposes the "Savings, Checking, and Certificate of Participation" language be removed from the policy. These accounts are established as a means for operations and do not earn interest. These accounts do not meet the definition of an investment.

Director Hudson said the Finance Committee reviewed this and supports the staff recommendation to remove this text.

Public Comment – none

Directors Hudson/Wilcox made a motion to approve the policy as presented with the following text deleted:

“Savings, Checking, and Certificate of Participation Accounts

The District maintains varying balances in District savings, checking, and Certificate of Participation accounts according to anticipated needs for the moneys in the short term. The total moneys in any of these accounts shall not exceed the maximum insurance limit of the individual account. The District Treasurer shall periodically check each account balance and direct the staff to make appropriate fund transfers whenever it is deemed necessary.”

The vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

F-6 First Review of 2016-17 Fiscal Year Budget and Rate Structures.

The Board reviewed the item, accepted public comment and authorized mailing/posting of proposed rate structures in accordance with Proposition 218.

Mr. Geary and Ms. Grindle reviewed the item. The State of California, via Proposition 218, mandates each special district to issue a notice of any proposed rate increases. In preparation for this mandate, staff generated a draft 2016-17 budget to determine the maximum potential rates necessary to maintain a consistent and quality level of service to its customers, in addition to contributions to the fixed asset replacement funds for capital replacements.

The District has endured some trying times over the last several years; which fortunately, we are starting to see a turnaround. The District saw an increase in the Ad Valorem (AV) tax revenue for FY2016 that has been much needed. While the District is not at the peak level from 2009, a slow increase to property values and increased tourism this winter leaves staff optimistic for the future.

The combined impact of the past several years with the recession and low snow pack has required the District to make challenging decisions; including increases to water and sewer rates and decreasing expenditures. After taking these measures, the District’s Fixed Asset Replacement Funds (FARF) are still inadequately funded, which are capital reserves dedicated to replacing aging assets and infrastructure. Suggested methodologies to forecast adequate funding to the FARF accounts include creation of a capital replacement plan or the utilization of a depreciation figure.

Utilizing a Capital Replacement Plan (CRP) is a more precise method to determine the timing and replacement cost of aging assets. Moving forward in FY2017, staff is updating the Capital Replacement Plan and conducting a Cost of Service Analysis with HDR Engineering, Inc. The end result of this study will be cost-based rates and connection fees that will sufficiently cover funding of operating and capital needs over the next ten years.

In lieu of a comprehensive updated Capital Replacement Plan for the upcoming rate setting, staff suggests determining rates utilizing the present capital replacement needs, while funding the FARE accounts in excess of the capital needs. This will require a rate increase range of eight to ten percent. Staff will continue to scrutinize the upcoming 2016-17 budget for expense savings and synergies, but recommends approving the rate increase notice based on a prudent ten percent of existing capital needs with minor funding into the FARE accounts.

Mr. Geary said based on the Finance Committee's recommendation, the full budget report will be presented with the 218 notice next year. He reviewed the last page of the exhibit which details revenue and expense assumptions in water, sewer, garbage and fire accounts and Fixed Asset Replacement funds.

Mr. Geary said in terms of A/V tax revenue approximately 85% of this goes to fire, 10% to water and 5% to sewer.

Director Wilcox thanked staff for the information presented on the last page of the exhibit making it much easier to understand. He also commented on the impact on utility rates resulting from reduced A/V tax revenue, lack of water sales due to low visitor traffic and state mandated water conservation which are issues out of our control. He supports the staff recommendation for rate increases.

Mr. Geary said the Tahoe Truckee Sierra Disposal is not raising its curbside garbage collection service fee of \$19.98 per unit per month but to pay for the landscape improvements at 1810 Squaw Valley Road, a 3.5 % increase is needed which equates to \$8,333. The 218 notice as presented reflects only a 3.0 % increase in garbage fees which staff will revise based on the Board's direction.

Mr. Geary provided the following information on rate increases:

1% rate increase in garbage equates to approximately \$2,394

1% rate increase in water equates to approximately \$13,123

1% rate increase in sewer equates to approximately \$9,657

Public Comment –

Jean Lange asked the difference between "property tax (15/16)" and "property tax allocation".

Ms. Grindle said "property tax allocation" refers to FY16-17.

Vince Sosnkowski asked if budgets have been projected including build out of the projects in the valley. Mr. Geary said financial forecasting was completed for the Village at Squaw Valley project by Hansford Economic and that report is available on the District website.

Director Poulsen said the A/V tax revenue peaked in 2009 and prior to 2009, the District experienced good increases. Revenue in 2016 has nearly reached the same level as 2009. With new development including remodels, the Ad Valorem Tax revenue should increase and hopefully rates will not need to be increased as much in the future.

Directors Poulsen and Hudson said as staff continue to work on the budget for savings, it is hoped that the rate increases will be less than the proposed maximum of 10% for water and 10% for sewer and 3.5% for garbage.

Mr. Geary said we do anticipate significant increases in water and sewer next year as a result of the cost of service analysis and an update to the capital replacement plan.

Directors Wilcox/Hudson made a motion to approve the rate structure as presented, publish the rate increase notice based on a 10% increase in both water and sewer rates, and a 3.5% increase in garbage rates and authorize mailing/posting of the rate structures in accordance with Proposition 218; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

F-7 2016 Sewer Television Inspection Project – Contract Award to Mountain Pipeline.

The Board reviewed the item, accepted public comment, approved project proposal and authorized the General Manager to execute an agreement with Mountain Pipeline for an amount not to exceed \$18,000.

Mr. Burks reviewed the item.

The 2013 Sewer TVI Project included inspection of 28,900 feet of pipe, 61 laterals, and ten line locations at a bid price of \$37,800; which included pre-cleaning of the main pipelines. The Truckee River Siphon was also televised in the fall of 2013 and will be televised in 2016.

The 2014 Sewer TVI Project included television inspection of 21,900 feet of pipe, 55 laterals and 12 line locations. District personnel performed the pre-cleaning work. The Squaw Creek Siphon was televised in the fall of 2014 on a time and material basis.

The 2015 Sewer TVI Project included television inspection of 28,500 feet of pipe and 127 laterals. District personnel performed the pre-cleaning work.

The 2016 Sewer TVI Project includes television inspection of 15,129 feet of pipe and 71 laterals. District personnel will perform the pre-cleaning work. The proposed cost from Mountain Pipeline for the 2016 scope of work is \$18,000. Mountain Pipeline is a well-known and reputable contractor; therefore staff is recommending award of the project to Mountain Pipeline.

Public Comment – none

Directors Poulsen/Wilcox made a motion to approve the project proposal and authorized the General Manager to execute an agreement with Mountain Pipeline for an amount not to exceed \$18,000; vote was unanimous.

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

F-8 Property Lease of District Facility to Squaw Valley Institute Lease Agreement – 1810 Squaw Valley Road.

The Board reviewed the item, accepted public comment, approved lease of space at 1810 Squaw Valley Road to the Squaw Valley Institute (SVI) and authorized the General Manager to execute the agreement.

Chief Bansen reviewed the item. SVI has been leasing the facility on a month to month basis. SVI requested a two-year lease for what once was the Fire Department’s administrative office space and kitchen of approximately 539 square feet. The lease term is April 1, 2016 to March 31, 2018. SVI will recognize the District through promotion of the District at SVI events and materials. The value of this promotion is estimated to be \$5,868 annually and will be provided through mutually agreeable event sponsorship and logo placement.

Ms. Obayashi-Bartsch said Mr. Archer requested changes to the lease agreement in section 7 as follows:

“7. PROMOTIONAL AND SPONSORSHIP CONSIDERATION

Lessee understands and agrees that the rental value and costs for utilities and snow removal are greater than the dollar amounts charged by Lessor and that the consideration therefore is exchange for certain promotional and sponsorship exposure to be provided by Lessee. Lessee agrees to provide promotional and sponsorship exposure in the amount of \$5,868 annually through mutually agreed event sponsorship, logo placement and other means of beneficial exposure and association of Lessor’s name and logo with that of Lessee.”

Director Wilcox said he resigned in 2011 from their Board and has no conflict of interest and supports the terms of this lease.

Public Comment – none

Directors Hudson/Wilcox made a motion to approve the lease of space at 1810 Squaw Valley Road to the Squaw Valley Institute and authorized the General Manager to execute the agreement; vote was unanimous.

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

F-9 Fire Department Annual Report.

The Board reviewed the item and accepted public comment.

Chief Bansen reviewed the item, including a summary of accomplishments and activities during 2015:

- responded to 460 emergency calls, five more than 2014;
- responded to 191 medical emergency calls - over 75% of which resulted in a patient being transported to the hospital - an increase of 42 calls from 2014;
- continue to participate in a region-wide prehospital care-provider group involving all of the area fire departments as well as the Tahoe Forest Hospital emergency department staff, Truckee-Tahoe Medical Group, several of the ski patrols and the air ambulance providers;
- provided emergency medical services for the Ironman Triathlon, Reebok Spartan National Championships and several other large athletic events as well as concerts and special events in the Valley;
- continued to provide Community CPR classes as well as delivering CPR and First Aid training to a number of local businesses;
- provided free car seat fittings to over 100 families and have presented child passenger safety classes to dozens of expectant parents at the Tahoe Forest Hospital pre-natal class, which is held about every six weeks;
- provided an unprecedented amount of service to other communities as part of California Office of Emergency Services strike teams at nine different incidents/complexes during a very busy fire season. Our crews and apparatus spent 50 days on fire lines across northern California, earning over \$317,000 for the District;
- Chief Bansen provided assistance to the State of California Office of Emergency Services as an alternate Operational Area Coordinator for the Lake Tahoe Basin Operational Area (XTB);
- staff continues to provide commercial occupancy inspections to 100% of businesses annually and are followed up with repeat inspections until any problems found are corrected;
- staff continues to provide a defensible space program which is the most thorough and comprehensive of any fire department in the region;
- transitioned management of the Fire Prevention program from Captain Sal Monforte - who has done an outstanding job for many years to Captain Allen Riley.

Public Comment – none

The Board commended Chief Bansen and the Fire Department for their efforts.

G. Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

Chief Bansen reviewed the report and Fire operations.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. Burks reviewed the report.

Public Comment – none

Mr. Geary announced that Brandon Burks was promoted to the new position of Operations Superintendent, effective February 2016 due to his excellent work with the Squaw Valley Mutual Water Company, Bike Trail Snow Removal project, Operations staff morale, succession planning and information technology support.

G-3 Engineering Report.

Mr. Hunt reviewed the report. He commented on the PlumpJack Dewatering Plan Review memorandum regarding of loss of aquifer storage which results in an insignificant net impact.

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 –

Jean Lange asked who won the national award for best tasting water. Mr. Geary said Glenbrook Nevada received the award.

G-6 Legal Report (verbal).

Mr. Archer was not present.

Public Comment – none

G-7 Director's Comments.

Director Poulsen commented on the Bike Trail funding and believes Placer County Parks should be responsible for snow removal rather than relying on other contributors such as the resorts. The Transient Occupancy Tax (TOT) funds are generated largely because of the resorts. He hopes Placer County will be more supportive of this project. Mr. Geary said he has been in contact with the county and would like to enter into a contractual agreement for this

maintenance rather than going through the grant process with the North Lake Tahoe Resort Association.

Mr. Geary said at the last Board meeting, staff was instructed to research Board member compensation, specifically offering health insurance benefits. Offering this benefit will cost \$133,000 or \$26,000 per Board member (assuming an adult with spouse and two children). In order to cover this cost, increased rates on a one-time basis will be required including an increase of 6% to the water rate and 6% to the sewer rate. Offering some form of insurance such as dental and vision coverage only may be a less expensive option.

President Cox said he made this request because of concern attracting Board members.

Director Wilcox said a Medicare supplemental plan could be an offering which would be far less expensive.

Director Hudson said there may other ways to incentivize participation on the Board.

Public Comment –

Jean Lange asked about the residency requirements to be eligible to run for the Board. Mr. Geary said they must be a registered voter in accordance with the Placer County election office.

Elizabeth Hobstetter asked if benefits are offered, but only a few of the members need this, how will the excess funds be used. Ms. Grindle said should the Board elect to offer benefits, this will impact the budget and possibly the rates. Any unused funds will be contributed to the Fixed Asset Replacement Fund.

Brandon Burks said offering benefits may be a significant attraction for younger people to participate on the Board.

Jean Lange said interest in serving on the Board may improve if meetings are held when most people are not working, although changing the meeting schedule was tried before.

Dave Hunt said it may be detrimental to offer incentives which attract a person to run for office rather than having a person run for office because of their interest in the community.

The Board directed staff to include this item on the April agenda.

Directors Wilcox/Poulsen made a motion to meet in closed session at 12:00 p.m.; vote was unanimous.

H. Closed Session – District Labor Negotiations and Public Employment of Office Manager.

The Board met in Closed Session pursuant to Government Code §54957 et al regarding District labor negotiations and public employment of Office Manager.

1. Conference with District Labor Negotiators: Michael Geary and Peter Bansen

Employee Organization: IUOE Stationary Engineers Local 39 for Fire Department
Personnel to discuss salaries, salary schedules, or compensation paid in the form of
fringe benefits.

2. Public Employment – Office Manager

I. Possible Action Resulting from Closed Session.

The Board reconvened in open session.

Directors Hudson/Wilcox made a motion to approve a variance to sections 6.20 and 6.24.C.1 of the District's Personnel Policies & Procedures. The variance described will allow the Office Manager to delay her retirement to Friday, July 29, 2016.

The vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

J. Adjourn.

Directors Wilcox/Poulsen made a motion to adjourn at 12:45 p.m.; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

By, K. Obayashi-Bartsch