

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES #787
April 29, 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; Pete Bansen, Fire Chief; Aleta Drake, Controller/Network Administrator; Tom Campbell, Finance/Administration Manager; Jesse McGraw, Operations Manager; Julie Dickman, Account Clerk II/Human Resource Specialist; Brandon Burks, Operations Specialist III; Josh Wilson, Operations Specialist II; Schel Roland, Operations Specialist I; and Thomas Archer, District Counsel.

Others Present: Dave and Sally Brew, Lizzie Day, Emily Fralick, Patty Hecht, Kelly Hare, Ed Heneveld, Chevis Hosea, Jean Lange, Tom Rinne, Andrea Parisi, Peter Schweitzer and Peter VanZant.

President Cox asked Peter Schweitzer to lead the Pledge of Allegiance.

B. Community Informational Items.

- B-1 Friends of Squaw Creek – Ed Heneveld asked the Board to consider supporting the stream gauging project and to put this item on the May agenda.
- 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, June 5th at 6 P.M. in the District's community room as the May meeting is cancelled.
- B-4 Squaw Valley Mutual Water Company (SVMWC) – Lizzie Day said their Board will meet on Saturday on May 3rd at 1 P.M. to review proposals in order to fill the operations manager role.
- B-5 Squaw Valley Ski Holdings – none
- B-6 Squaw Valley Property Owners Association – Sally Brew said they held a meeting on April 12th at the Squaw Valley Lodge to reach out to the Homeowner Associations in the valley. The annual Memorial Day event includes the Pancake Breakfast, clean-up day and meeting in the afternoon.
- B-7 Tahoe-Truckee Sanitation Agency – Dale Cox provided an update on the following items: Technical assistance on digester performance; Truckee River Interceptor condition assessment and rehabilitation and State Route 89/Fanny Bridge project. He asked Tom Rinne of T-TSA if he had any news to share with the group. Mr. Rinne said there is no news at this time.
- B-8 Incorporate Olympic Valley – Lizzie Day provided an update on the schedule for the comprehensive fiscal analysis. Director Sheehan said the next LAFCO meeting is scheduled for May 14th.

C. Public Comment/Presentation.

C-1 Presentation of a 25-year service award to Julie Dickman, Clerk II/HR Specialist.

The Board presented a certificate of service award and commended Ms. Dickman for her dedicated service of 25 years.

C-2 Introduction of Tom Campbell, Finance and Administration Manager.

Mr. Geary introduced Tom Campbell, Finance/Administration Manager who will be taking over the responsibilities of Aleta Drake upon her retirement in June. The Board welcomed Mr. Campbell to the District.

D. Financial Consent Agenda Items.

Directors Poulsen and Sheehan met with staff on Monday, April 28, 2014 from approximately 3-5 P.M. to review items D-1 through D-16 as well as other finance related items on this agenda.

Director Poulsen said they reviewed the finance related items with staff and all items appear to be in order. Expenditures are running a bit less than project and any unspent funds will be put in the asset replacement fund. In this month's check register, there are some checks for large amounts due to unanticipated repairs for Well 1, Well 3 and the "Stables" property water leak.

Director Sheehan said they discussed the proposed budget and rates and made suggestions for reducing costs. This year, the District sold 13% less water. The lack of sales and lack of tax funds makes a significant impact on the budget. The District is 75% through the fiscal year; expenditures are running at approximately 32%, which leaves a positive margin of approximately 7%.

President Cox asked about the trail maintenance fund and if any unspent funds will be saved in a reserve account. Mr. Geary said such an account will be established. Staff requested all funders to provide all pledged funds so a reserve may be carried into future years. All funders are in agreement with this approach with the exception of North Lake Tahoe Resort Association (NLTRA) but that is due to the nature of their agreement with Placer County.

President Cox and Director Wilcox commended staff for their work maintaining the trail.

Director Gustafson commended Directors Poulsen and Sheehan for their work on the finance committee.

Public Comment – none

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

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

E. Approve Minutes.

E-1 Minutes for March 25, 2014.

A motion to approve the minutes for March 25, 2014 was made by Directors Poulsen/Sheehan 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. Mr. Archer suggested item F-3 also be discussed while Director Poulsen is absent.

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

District staff, counsel and the project applicant, Squaw Valley Real Estate (SVRE), restarted negotiations in April and met twice with the goal to negotiate a Water, Sewer, and Fire Protection / EMS Service Agreement, or Development Agreement (DA). The first priority is to identify mitigations to project impacts that need to be analyzed in the EIR so that analytical work can begin as soon as possible. The provisions of the DA will be conditioned on the approval of the project and the EIR by the County Board of Supervisors.

There are seven separate analyses underway to better understand the impacts of the project to the District's systems, operations and financial position. The results of these analyses will inform staff in support of the DA negotiations and provide long-term planning information. They are: groundwater modelling for the Water Supply Assessment (WSA), hydraulic modeling of the water distribution system, hydraulic modeling of the sewer collection system, space needs analyses for utilities operations, assessment of project impacts and appropriate mitigations for fire protection and EMS services, financial projections modelling and hydraulic modeling of Truckee River Sewer Interceptor (TRI) by T-TSA.

Water

Mr. Geary said preparation of the Water Supply Assessment (WSA) for the project is on schedule to meet the following milestones:

- June 12, 2014 - Special Board Meeting – Receive presentation of the Draft WSA.
- June 24, 2014 - Board Meeting – Receive presentation of the Final WSA.
- June 26, 2014 - Final WSA is transmitted to Placer County for approval by the County Board of Supervisors.

The general process by which the WSA will be prepared:

1. Quantify Water Demands (existing, project, and future)
2. Assess Sufficiency of Groundwater Supply (existing and proposed)
3. Evaluate Drought Supply and Demand
4. Compare Water Supply and Demand
5. Prepare Draft WSA
6. Prepare Final WSA

The WSA will not produce an estimate of the sustainable yield of the aquifer. Rather, it will provide a discrete (yes or no) response to whether or not there is sufficient supply to meet existing, project and future (25-years) demands.

The WSA does not include a public comment section. Staff and District consultants will present the Draft and Final versions of the WSA to the District's Board of Directors as information-only. The District will respond to any material omissions or technical flaws in the WSA but since the WSA is formulaic, interpretation of the results is not anticipated to be included in the document.

The WSA is not a commitment to serve the project water. Future processes and verifications will determine the District's ability to safely and reliably commit to serve the project water.

Director Gustafson asked how the WSA will relate to other water studies such as the Creek Aquifer Interaction Study. Mr. Geary said the WSA will not link all the studies together as the WSA is a statutorily defined document.

Public Comment

Jean Lange asked about the Redundant Water Supply - Preferred Alternative Evaluation being the District's #1 priority. Mr. Geary said this was as the #1 priority identified in the strategic planning.

Peter VanZant asked if public comment will be accepted for the WSA and who will 'truth' the water demands. Mr. Geary said comments will be taken at the meeting. Responses to those comments will not be addressed in the WSA. Several resources such as industry standards and empirical data from the District's system are being used to review the demand figures but there is no third party review of the demands.

Dave Brew asked for clarification of how the WSA will answer the question of whether there is sufficient water to service the project. Mr. Geary said it will provide a discrete (yes or no) response to whether or not there is sufficient supply to meet existing, project and future (25-years) water demands.

Sally Brew asked how the demand will be calculated for the Mountain Adventure Center. Mr. Geary said industry standards were provided by the developer.

Ed Heneveld said there should be consistency with terminology in the WSA and to clearly define terms such as sustainable yield, operational yield, etc.

Director Wilcox said the WSA will be reviewed by an independent reviewer.

Fire / EMS

Chief Bansen said it's difficult to make progress on the development agreement until the science is completed. Citygate Associates is working on a needs/mitigations analysis which is needed before substantive progress may be made on the development agreement.

Public Comment

Ed Heneveld asked about how the public will be involved in reviewing the development agreement. Mr. Archer explained the general process used to develop such an agreement. A will-serve agreement will not be brought to the Board for consideration and public comment until Placer County approves the Environmental Impact Report.

Sewer

Mr. Geary said the existing hydraulic model of the District's wastewater collection system is being updated to include additional flows proposed by the project as well as flows expected at build-out of the Placer County General Plan. The model will identify capital improvements needed to provide hydraulic capacity for anticipated sewer flows and for inflow and infiltration (I&I) from storm events.

SVRE is requesting wastewater conveyance and treatment services from the Tahoe-Truckee Sanitation Agency (T-TSA) for the proposed project. T-TSA is performing its own evaluations of capacity in both the Truckee River Interceptor (TRI) and the treatment plant to determine its terms of service for the project

Tom Rinne of T-TSA said he anticipates preliminary results of the sewer modelling soon.

Public Comment – none

F-3 HydroMetrics Contract Addendum #2 - General Support for the Village at Squaw Valley Project.

The Board reviewed the item, accepted public comment and authorized staff to execute contract addendum #2 for up to \$65,000.

Mr. Geary provided a review of the item. The proposal will extend the existing contract to cover services already provided and paid for, as well as services expected to be needed through April 2015. The proposal extends the contract for an amount not to exceed \$65,000. This amendment will bring the contact total to \$116,520. The cost to provide this on-call support will be reimbursed to the District by Squaw Valley Real Estate.

Directors Sheehan and Wilcox expressed support for the work.

President Cox said he supports the work but does not support multiple addendums to contracts.

Director Gustafson said he does not support the item and is concerned that too much money is being spent on studies with no real result. He stated he did not support Phase III of the Redundant Water Supply - Preferred Alternative Evaluation.

Mr. Geary said staff is being given conflicting direction from the Board; not wanting studies to be performed but requesting scientific information.

Public Comment – none

Dave Brew said he is concerned with the contractor spending in excess of the current contract. He does not support the addendum because this type of agreement typically leads to finding work to fulfill the contract. He said better oversight and tracking are needed to avoid overspending.

A motion to approve the contract addendum was made by Directors Wilcox/Sheehan; motion passed 3 to 1 and Director Poulsen was absent.

Cox – yes

Poulsen – absent

Gustafson – no

Sheehan – yes

Wilcox – yes

Director Poulsen returned to the room.

F-2 Placer County Local Area Formation Commission (LAFCO) Call for Nominations.

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

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

Director Sheehan said he is pleased to continue his service as an alternate. Ron Treabess of Tahoe City PUD is an excellent LAFCO board member and serves the area well.

Directors Wilcox, Poulsen, Gustafson and President Cox expressed support of Ron Treabess and do not wish to nominate a candidate to run against him.

Public Comment – none

The Board discussed the item but there was no interest in nominating a candidate.

F-4 Residential Garbage Service Contract for FY 2014-15.

The Board reviewed the item, accepted public comment and adopted Resolution 2014-04 awarding the garbage collection contract to Tahoe Truckee Sierra Disposal Company.

Ms. Drake provided a review of the item. In addition to weekly collection services, the TTSD service includes: Holiday Dumpsters (Christmas/New Year's, MLK Weekend, President's Day), Clean-Up Day Dumpsters, Fire Safety Day Dumpsters, Christmas Tree Recycling Program. The terms of the agreement contain no substantive changes with the exception of the rate as follows:

2013-2014 rates: \$18.84 /mo. / SFR for 7/1/13 to 9/30/13
 \$19.34 /mo. / SFR for 10/1/13 to 6/30/14

2014-2015 rates: \$19.34 /mo. / SFR for 7/1/14 to 9/30/14
 \$19.84 /mo. / SFR for 10/1/14 to 6/30/15

Director Gustafson said he supports the contract.

Director Poulsen said he supports the contract as the area receives great service at a reasonable cost and better than other local areas.

Directors Sheehan and Wilcox agreed with Director Poulsen.

President Cox asked if the locked dumpster area is working. Staff indicated that the locked gate is working well.

Public Comment

Kelly Hare of TTSD said they are pleased that the District wishes to renew the contract and supports the District's locking dumpster gate as a good solution to illegal dumping.

A motion to approve the contract by adopting Resolution 2014-04 was made by Directors Gustafson/Poulsen as submitted; voice vote was unanimous.

Cox – yes

Poulsen – yes

Gustafson – yes

Sheehan – yes

Wilcox – yes

F-5 **Second Review of 2014-15 Fiscal Year Budget.**

The Board reviewed the item and accepted public comment.

Ms. Drake provided a review of the budget and the assumptions used in developing the budget. The proposed rates reflect the maximum increase being considered and equate to a 15% increase for water, an 11.5% 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 and based on the Board's direction included fixed asset transfer funds to be \$100,000.

Director Gustafson said he supports funding asset replacement funds.

Director Poulsen said the finance committee spent a lot of time discussing the budget. The District is seeing the effect of the recessionary time period including increasing staff costs based on labor negotiations, lower tax revenue due to reduced assessments and reduced water sales.

Director Wilcox said in spite of having to raise the rates, the District still charges less than other local districts. He is concerned with the lack of asset replacement funds.

Director Sheehan suggested increasing the fixed cost of the system rather than increasing user fees across the board. He suggested staff research this option in the future including a comparison of other agencies' fee structures

Public Comment – none

F-6 Public Hearing #1 to Introduce Ordinance 2014-01 Adopting Revisions to the District's Personnel Chapter, Water and Sewer Chapters Division 7.

The Board introduced Ordinance 2014-01 adopting revisions to the District's Administrative Code including removal of the Personnel Chapter (5), Water Chapter (1) Division 7 and Sewer Chapter(2) Division 7 and related technical drawings and accepted public comment.

Mr. Geary introduced Ordinance 2014-01 and provided a review of the item. There are no changes to the content of any of the Code sections proposed for removal from the Code at this time. The only changes proposed are to remove the Personnel Chapter (5), Water Chapter (1) Division 7, Sewer Chapter (2) Division 7 and related technical drawings. These sections will be used to create new manuals with the same language that exists in the Code now.

A second public hearing will be conducted on May 27th and if approved, the ordinance will be adopted at that time.

Mr. Archer concurs with staff that the proposed change is much more logical with technical and design requirements not to be subject of the ordinance procedure. This is also applicable to personnel matters which can be embodied in policy not ordinance. If a resolution is adopted at the next meeting, this will provide adoption of water and sewer technical specifications manuals and personnel manual.

Public Comment – none

Director Poulsen asked how new manuals will be incorporated with no gap between ordinance adoption and manual policy adoption. Staff explained that the proposed items will be removed from the Administrative Code and new manuals will be adopted by resolution at the 2nd public hearing in May.

F-7 **Operations & Fleet Annual Report.**

The Board received the annual report and accepted public comment.

Mr. McGraw provided a review of the item including tentative projects (2014-2017), general improvements (2013), utilities report, year-end charts and graphs, SCADA telemetry and fleet information.

Public Comment – none

The Directors commended staff for their work and the report.

F-8 **Operations Capital Budget Adjustment.**

The Board reviewed the item, accepted public comment and authorized capital project budget to include the 2013 Meter and Valve Box Project.

Mr. McGraw provided a review of the item. In 2013, District personnel inspected each meter box in the valley. As a result of this inspection, repairs were performed and the scope of the work expanded which resulted in an unexpected expenditure of \$7,537.05. Staff requests the Board amend the 2013 Capital Projects Budget to include the 2013 Meter and Valve Box Project and transfer the expense to capital.

Public Comment – none

A motion to authorize the budget adjustment was made by Directors Wilcox/Sheehan; vote was unanimous.

Cox – yes

Poulsen – yes

Gustafson – yes

Sheehan – yes

Wilcox – yes

F-9 **Sewer Line Television Inspection (TVI) Contract.**

The Board reviewed the item, accepted public comment and authorized staff to execute a contract with Mountain Pipeline for sewer TVI services.

Mr. McGraw provided a review of the item. In 2013, the District issued a Request for Proposals for television inspection of the sewer system. Mountain Pipeline was selected as the most responsive bid with the lowest cost. The District has since worked closely with Mountain Pipeline and with Farr West Engineering to develop protocols allowing efficient migration of the data collected during the TVI process into the District's VueWorks system. Additional cost would be incurred to duplicate the process with another vendor; therefore the District staff recommends awarding a contract to Mountain Pipeline to proceed with Phase II of the project on a sole source basis for up to \$21,450.

Public Comment – none

Director Poulsen asked if the technology being used is what is being used by T-TSA. Mr. McGraw said this is the older technology but the newer technology is very expensive.

A motion to authorize staff to execute a contract with Mountain Pipeline for sewer TVI service was made by Directors Sheehan/Wilcox; vote was unanimous.

Cox – yes

Poulsen – yes

Gustafson – yes

Sheehan – yes

Wilcox – yes

F-10 Aspens Condominium Project Sewer Relocation - 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 2014-05.

Mr. McGraw provided a review of the item. Filing a Notice of Exemption with Placer County is necessary in order to proceed with replacement and relocation of the sewer pipe and manholes for the Aspens Condominiums. The existing pipe is under the tennis court and will be abandoned in favor of new alignment with no increase in capacity.

The Board expressed support for the scope of work.

Public Comment – none

A motion to file a CEQA Notice of Exemption with Placer County by adopting Resolution 2014-05 was made by Directors Wilcox/Sheehan as submitted; voice vote was unanimous.

Cox – yes

Poulsen – yes

Gustafson – yes

Sheehan – yes

Wilcox – yes

F-11 Well #3 Emergency Repair Progress Payment #1- Carson Pump.

The Board reviewed the item, accepted public comment and authorized payment for this emergency repair.

Mr. McGraw provided a review of the item. In January, staff discussed the two contracts with Carson Pump for Emergency Repairs to Well 1R in the amount of \$9,140 and Well 3 in the amount of \$9,456.

With a contractor on site working on Well 1R, it was prudent to take advantage of the economy of scale and have Well 3 repaired too. Once the wells were dismantled, additional work was required and the repair to Well 3 exceeded the original bid amount.

Staff is informing the Board about the extent of the repairs which will require a budget amendment. The additional amount is \$12,199 for a total of \$21,655 to repair Well 3.

Public Comment - none

A motion to approve the payment and contract change order was made by Directors Wilcox/Sheehan as submitted; voice vote was unanimous.

Cox – yes

Poulsen – yes

Gustafson – yes

Sheehan – yes

Wilcox – yes

G. Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

Chief Bansen provided a review of the report including training and equipment updates, including the water tender which is currently being repaired. He discussed the Insurance Services Office (ISO) which provides fire suppression ratings that insurers use to set fire insurance rates for different areas. The ratings range from Class 1 (the best) to Class 10. The ISO surveys fire departments periodically, supposedly every three years, although the last time the District was surveyed was over 10 years ago. Currently, the District's service area is a Class 5 for areas protected with municipal hydrants and Class 8 for the areas along the river that have no hydrants.

There were no questions or comments on the reports.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. McGraw provided a review of the report.

Public Comment – none

G-3 Administration Report.

Ms. Obayashi-Bartsch said one letter protesting the proposed rate increases was received from Ms. Brenda Kiesel.

Public Comment – none

G-4 Manager's Comments.

Mr. Geary provided a review of the report. He asked the Board for direction on the frequency of updates to the Strategic Plan's Work Plan.

Director Sheehan suggested an annual report in April or May to coincide with the General Manager's performance evaluation. The other Board members agreed with this suggestion.

Public Comment –

Dave Brew asked how the Squaw Valley Mutual Water Company (MWC) proposal will be funded so that non-Mutual customers are not subsidizing their operations. Mr. Geary explained how the proposed charges were estimated. The proposal is for operations and maintenance only and does not include administrative, engineering, or managerial services needed by the MWC.

G-5 **Legal Report (verbal).**

Mr. Archer made no comments.

Public Comment – none

G-6 **Director's Comments.**

No comments.

Director Wilcox made a motion to meet in closed session.

H. Closed Session - Performance Evaluation - General Manager.

The Board met in Closed Session pursuant to Government Code 54957 et al regarding the General Manager's annual performance evaluation.

Directors Sheehan/Wilcox made a motion to return the meeting to open session. Mr. Archer said no reportable decisions or actions were made during closed session.

Director Wilcox said, based on the Board's recommendations, he will use a combination of confidential interviews with staff and the Panoramic 360 provided shortcomings can be resolved. He will meet with Mr. Geary to discuss the evaluation process.

I. Adjournment.

A motion was made by Directors Poulsen/Gustafson to adjourn the meeting at 11:50 A.M.; vote was unanimous.

Cox – yes

Poulsen – yes

Gustafson – yes

Sheehan – yes

Wilcox – yes

By, K. Obayashi-Bartsch