

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #800
April 28, 2015**

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, Eric Poulsen, Brian Sheehan and John Wilcox

Directors Absent: none

Staff Present: Mike Geary, General Manager; Kathy Obayashi-Bartsch, Secretary to the Board; Pete Bansen, Fire Chief; Jesse McGraw, Operations Manager; Tom Campbell, Finance and Administration Manager and Thomas Archer, District Counsel

Others Present: Sally and Dave Brew, Fred Ilfeld, Jean Lange, Chevis Hosea, Katie Lazzari, Andrea Parisi, Perri Runion, David Stepner and Peter Schweitzer

President Cox asked David Stepner to lead the Pledge of Allegiance.

B. Community Informational Items.

- B-1** Friends of Squaw Creek – David Stepner said the group's (Friends of Squaw Creek, Trout Unlimited and Sound Watershed Consulting) 2015 Clean Water Act 319h grant request was unsuccessful and the group has depleted the Squaw Valley Real Estate (SVRE) funds for stream gauge monitoring. The District applied for Integrated Regional Water Management grants but did not request funding for this item. Mike Liquori will calculate what funds are left for this critical data.
- B-2** Friends of Squaw Valley – no report
- B-3** Squaw Valley Design Review Committee (SVDRC) – David Stepner said the group reviewed the *Village @ Squaw Valley* project layout at the last meeting and will be discussing mass, scale and height at the next meeting which is on May 7th at 3:30 P.M. in the District's community room.
- B-4** Squaw Valley Municipal Advisory Council (SVMAC) – Brian Sheehan said the next meeting is on May 7th at 6 P.M. in the District's community room.
- B-5** Squaw Valley Mutual Water Company (SVMWC) – no report
- B-6** Squaw Valley Ski Holdings – no report
- B-7** Squaw Valley Property Owners Association – Sally Brew said there was a very good turnout for the tram accident presentation and thanked Dale Cox and Pete Bansen for their assistance with this event. The group's next event takes place during Memorial Day weekend and includes a fire department breakfast, community clean-up event and annual meeting.
- B-8** Tahoe-Truckee Sanitation Agency – Dale Cox provided an update on the Truckee River Interceptor hydraulic model results and recommended improvements.
- B-9** Incorporate Olympic Valley – Fred Ilfeld said the firm performing the comprehensive fiscal analysis completed a draft report but it is not available to the public. The public hearing on incorporation will occur after the revenue neutrality discussions are completed. The group will have a public meeting on May 5th in the District's community

room and Brian Sheehan said the next LAFCO meeting is on May 13th in Auburn.

C. Public Comment/Presentation.

Jean Lange asked about the new legal ruling on tiered rates. Mr. Archer said the San Juan Capistrano case is not final and anticipates there will be further challenge. It is an appellate level decision but it is not final and there may be legislative review as well.

Dave Brew commented on the need for a comprehensive analysis of treatable water in and near Olympic Valley. He supports groundwater recharge mapping and commented on the difficulty of achieving an additional 25% reduction in water use, especially since the District has done a very good job of reducing water use. He asked if the District has a drought ordinance. Staff directed him to the water conservation section of the District's water code.

Director Wilcox said the District has two studies on water treatment, one from 2003 and one from the mid-2000's and suggested reviewing this information to see if any gaps exist.

C-1 Resolution of Appreciation to Jim Binks Upon Retirement.

Proposed Action: Adopt Resolution 2015-03 and present to Jim Binks.

President Cox read the resolution and Chief Bansen accepted the resolution on behalf of Captain Binks.

A motion to approve the Resolution was made by Directors Cox/Gustafson; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

D. Financial Consent Agenda Items.

Directors Poulsen and Sheehan met with staff on April 27th from approximately 3:30 – 5:00 P.M. to review items D-1 through D-13 as well as other finance related items on this agenda.

Director Sheehan said the committee reviewed the finance related items with staff and all items appear to be in order including the check register and the expense to budget reports. The Fire department expense is approximately \$50,000 above what was budgeted.

The Committee discussed the impact of property tax revenue reduction on the District. Due to the reassessment of property in 2009, The District is receiving nearly \$300,000 less in the upcoming fiscal year compared to 2009 levels, and has a cumulative shortfall in excess of \$2 million since this reassessment.

The group reviewed the budget and discussed the status of the Fixed Asset Replacement Funds (FARF) accounts which have been depleted and need to be replenished. \$500,000 is the suggested funding for the FARF water and sewer accounts. The District has not been funding the fire FARF account to the level necessary to be prepared should a significant capital expense

be required. At the next Board meeting, the committee will make a recommendation on rates and FARF contributions. Due to the Memorial Day holiday, the next Finance Committee meeting will be on Thursday, May 21st at 3:00 P.M. in the conference room.

In response to previous discussion about ad valorem tax revenue and the great recession's impact on District funds, Director Poulsen said real estate sales and development will help tax revenue. During the budget process, the level of FARF funding for asset replacement is identified. In the past, when revenue and taxes drop off, the operating budget was supplemented in order to keep rates lower which resulted in fewer contributions to the FARF accounts. Staff is researching options to consult with a firm to perform an asset replacement study and rate assessment for the future.

Last year the District's asset replacement funds were deeply impacted due to major leaks and emergency well repairs. There may be some surplus or unexpended funds at the end of this fiscal year which may be allocated to the FARF accounts.

Director Sheehan said the unexpended funds and the dedicated FARF funds for 2014-15 may total close to \$400,000.

Mr. Campbell said the dedicated contribution of FARF funds from 2014-15 budget is \$50,000 to water and \$50,000 to sewer FARF accounts. He said the allocation between fire, water and sewer accounts is still to be determined. Mr. Geary said staff will be working with the District's accounting consultant on the year-end financial statement and will address this issue.

Public Comment – none

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

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

E. Approve Minutes.

E-1 Minutes for the Special Board of Directors meeting of March 24, 2015.

Ms. Obayashi-Bartsch said on page 4, item F-2, paragraph 4, the requested revision is as follows: "Staff will continue to review the upcoming 2015-16 budget for expense savings and recommends approving the rate increase notice of up to 15% on water and sewer rates and 3% on garbage rates, with \$500,000 funding into the Fixed Asset Replacement Fund (FARF) accounts.

A motion to approve the minutes for the Board of Directors Special meeting of March 24, 2015 with the requested revisions was made by Directors Sheehan/Gustafson; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes
Sheehan-yes
Wilcox-yes

F. Old & New Business.

F-1 Village at Squaw Valley Project Update.

Director Poulsen left the 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 said negotiations of a Development Agreement between the District and Squaw Valley Real Estate (SVRE) resumed in January 2015 and are ongoing. Distribution of the Draft Environmental Impact Report (EIR) is tentatively scheduled for May, 2015. District staff expects to review the document and submit comments to the County for their consideration and response in the Final EIR. An updated version of the *Village at Squaw Valley* Specific Plan is scheduled for distribution at about the same time the Draft EIR is distributed.

Water

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

Director Wilcox said he found a letter from Sierra Watch signed by Tom Mooers, dated February 26, 2015 that makes a questionable statement. He read from a prepared statement to address this letter as follows:

I am sorry to see that Isaac Silverman is not here today as I have yet another complaint about Sierra Watch's misleading publicity about the water situation in Squaw Valley.

My new complaint concerns a letter dated Feb. 26 signed by Tom Mooers of Sierra Watch and published on YubaNet.com.

The letter addressed the decision at this District's Feb. 24th Board Meeting to further study the feasibility of importing water to Squaw Valley from Martis Valley. As was repeatedly stated, the purpose of this supply would be to provide redundant supply in the event that a disaster occurred which impaired the water supply from the aquifer in Squaw Valley that now supplies all of the water needs of the Valley.

However, in Mr. Mooer's letter, he stated and I quote, "But the district also acknowledged that if the pipeline were built, the new water resource could also be used to support new development."

The following paragraph his letter reads 'We share the district's concern about water security,' said Isaac Silverman of conservation non-profit Sierra Watch. 'But what we learned today is that water exports from Martis Valley could be used to support new development in Squaw Valley.' "

We have a tape recording of that February 24th Board meeting and I am asserting that the February 26th Sierra Watch letter deliberately distorts what was said at the meeting. What actually was said and recorded was Mr. Silverman repeatedly questioning Mike Geary, General Manager of our District, in an effort to make him say what he wanted to hear, which was that the pipeline would support new

development. After some back and forth, Mr. Geary did say that the District was obligated to serve its customers; and by this, he obviously meant existing customers.

At no time during this meeting did Mr. Geary, or anyone representing the District, use the words “support new development”. Furthermore, and more importantly, it has always been made completely clear that this pipeline project was never intended to enable new development and Sierra Watch knows that.

Also in this article, Mr. Silverman was quoted as saying “The last thing Tahoe needs is a pipeline to supply new high-rises.” This is clearly a deliberate distortion by Sierra Watch of the true situation.

The subject article also includes a photo of a section of Squaw Creek labeled “Squaw Creek Dry in September” which shows the creek bed dry. However, the reader is never told the rest of the story which is that the creek dries up like that almost every year regardless of how much water is pumped from the aquifer. The creek being dry has nothing to do with the adequacy of the water supply.

Here is my main point: I understand that Sierra Watch is opposed to the proposed development, but they are deliberately misleading the public about the water supply in order to build support against development. I consider that unethical and an insult to the staff and board of this District. We are not irresponsible, and we are not going to take risks with the water supply in Squaw Valley. If there is something in the Water Supply Assessment that suggests there is not enough water in Squaw Valley to safely supply a proposed development, then I believe we will do the right thing.

When the Water Supply Assessment report was first published affirming that there was enough safely available water in the Squaw Valley aquifer to supply the proposed project, Sierra Watch questioned it and said they were going to have their experts analyze it, yet we have not heard a word more from them on this subject. If there is something wrong with the technology and expertise in the WSA, we would very much like to know.

The WSA is now being revised to add additional and recent drought data to the model—a very good idea and conservative approach.

President Cox said he believes a response to Sierra Watch may be needed and asked the Directors for their thoughts. Director Sheehan said he supports this response and believes it should be sent by Director Wilcox as an individual but not on behalf of the Board. Director Gustafson said he would like to review the response in greater detail.

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 –

David Stepner said while he does not mean to defend Sierra Watch, perhaps Mr. Silverman misconstrued what was discussed. Mr. Stepner said it is his understanding that should a water pipeline be installed, the District will have no control over its use to support new development and will be considered as part of the total water source for the valley. The only way the water

from the pipeline may be restricted to emergency use is as an intertie, requiring the consent of Truckee for connection and use.

Dave Brew cautioned the Board against overreacting as it may be unnecessary to respond.

Jean Lange said being opposed to the pipeline may have nothing to do with being opposed to development as some people may be opposed to the project based on financial concerns.

Chevis Hosea said the draft Environmental Impact Report (EIR) will be available to the public in mid-May on the Placer County's website and available for 60 days. Squaw Valley Real Estate (SVRE) submitted the revised Specific Plan to the County in draft form and the County is reviewing the document.

David Stepner asked if hard copies are available. Mr. Hosea said there will not be hard copies of the draft EIR but there will be hard copies of the Specific Plan.

F-2 Interflow Hydrology – Additional Services Addendum #1 – Independent 3rd Party Peer Review of Water Supply Assessment for the proposed Village at Squaw Valley Project.

The Board reviewed the item, accepted public comment, approved Professional Services Agreement Amendment #1, and authorized staff to execute the amendment.

Mr. Geary reviewed the item. In May and June 2014, Interflow Hydrology provided the District with an independent peer review related to the draft Water Supply Assessment (WSA).

The 2014 draft WSA is currently being updated to incorporate hydrologic data from the 2012-2014 time period. Model calibration is being reviewed and will be updated if necessary to provide results consistent with observed conditions. In light of the on-going drought, the drought year and multi-year drought scenarios in the WSA are being reviewed and may be updated, if data warrants. Additionally, there have been modifications to the projected future water demands, including an increase in water use projections associated occupancy assumptions, and increase in the level of future pumping for snowmaking to be consistent with recent drought years. An updated WSA document is being prepared in recognition of the new data and information.

This addendum if approved will allow Interflow Hydrology to perform an independent peer review of the updated WSA.

Public Comment –

Dave Brew asked if there is a due date in the agreement. Mr. Geary said there is no pre-determined schedule or due date for this work as it's being performed in conjunction with the preparation of WSA Amendment. Both scopes of work are expected to be complete in July.

A motion to approve the Additional Services Addendum #1 for an Independent 3rd Party Peer Review of the Water Supply Assessment Amendment for the proposed *Village at Squaw Valley* Project and authorize staff to execute the agreement was made by Directors Wilcox/Gustafson; vote was unanimous.

Cox-yes
Poulsen-absent
Gustafson-yes
Sheehan-yes
Wilcox-yes

F-3 Second Review of 2015-16 Fiscal Year Budget.

Director Poulsen returned to the meeting room.

The Board reviewed the item and accepted public comment.

Mr. Campbell reviewed the item. The proposed budget was prepared with a focus on establishing adequate reserves of the District's Fixed Asset Replacement Fund (FARF) accounts and providing the resources needed for consistent and quality utility and fire/EMS services for the community.

He provided a revised exhibit F-3, pages two and three. Page two of the report, 6th paragraph should read as follows: "Operating expenses are expected to increase \$226,000, mostly resulting from a reduction of Reimbursable Projects, and increases in payroll and related benefits." On page three of the report, the 3rd paragraph, describing parks and property was redacted.

For 2015-16, staff is proposing contributions to the water FARF in the amount of \$360,000, and \$100,000 for the sewer FARF, which totals \$460,000. Staff proposes allocating \$200,000 to the fire FARF.

The proposed 2015-16 rates to accommodate this budget require a 15% increase to water rates and a 12% increase to sewer rates. These rate increases are universal between all customer classes and tiers.

President Cox asked for clarification of the bike trail item and how a light snowfall year impacts the operating expenses. Mr. Campbell said the entire section was redacted but all expenses are funded entirely by community sponsors including a 10% administration charge. The expense of the snow removal equipment is billed to the sponsors and accounts for 80-85% of the bike trail expense this year.

Director Gustafson asked Mr. McGraw if \$360,000 in the water FARF account is acceptable. Mr. McGraw said based on anticipated projects in the next five years, he would be comfortable with five million dollars and the current reserves are inadequate.

Ms. Obayashi-Bartsch said in response to the proposed rate increases, staff received one protest letter which is attached to the staff report.

Mr. Geary said the final budget and first public hearing on rates will be on the May Board meeting agenda.

Public Comment – none

F-4 Adopt Resolution 2015-04 – Authorize Overtime & Portal to Portal Pay for Fire Department Employees for Emergency Incident Response.

The Board reviewed the item, accepted public comment and adopted Resolution 2015-04 authorizing overtime and portal to portal pay for Fire Department employees deployed to emergency incidents.

Chief Bansen reviewed the item. A resolution of the Board is necessary for the District to be reimbursed for Fire Department employee overtime and portal to portal pay for emergency incidents.

Public Comment – none

A motion to adopt Resolution 2015-04 authorizing overtime and portal to portal pay for Fire Department employees deployed to emergency incidents was made by Directors Sheehan/Wilcox; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-5 SCADA Implementation Phase I – Additional Service Addendum #1 – Sierra Controls.

The Board reviewed the item, accepted public comment, approved the addendum and authorized staff to execute the agreement.

Mr. McGraw reviewed the item. The consultant will perform a portion of the Phase II scope of work and re-program the remote terminal units (RTU's) and the Master RTU to take advantage of updated communication protocols. This work will serve to prepare the RTU's for the new radios to be installed in Phase II while providing a more robust communication capacity in the meantime. This work will reduce communication failures and associated overtime saving the District labor costs.

Public Comment – none

A motion to approve Additional Services Addendum #1 to Sierra Control's contract for the SCADA Implementation Phase I project for an amount not to exceed \$5,000 was made by Directors Sheehan/Gustafson; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-6 Aspens Sewer Realignment Additional Services Addendum #1 – Farr West Engineering.

The Board reviewed the item, accepted public comment, approved the addendum and authorized staff to execute the agreement.

Mr. McGraw reviewed the item. Farr West Engineering provided design services for the Aspens Sewer Realignment Project. The District's as-built information was utilized in preparing the alignment for manhole E-30. During construction it was discovered that pipelines through manhole E-30 were in a differing alignment than anticipated. This made it impossible to use the precast manhole that was purchased as originally designed. Farr West Engineering was directed to prepare a new alignment drawing which is necessary for procurement of a new pre-cast manhole. The project is expected to be complete within the allotted budget.

Public Comment – none

A motion to approve Additional Services Addendum #1 to Farr West Engineering's contract for the Aspens Sewer Realignment Project for an amount not to exceed \$1,000 was made by Directors Sheehan/Poulsen; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-7 Operations & Fleet Annual Report.

The Board received the annual report and accepted public comment.

Mr. McGraw reviewed the item. The annual Operations report includes a review of tentative projects (2015-2020), general improvements (2014), utilities report, year-end charts and graphs, SCADA telemetry and fleet information. Under Mr. Geary's direction, the graphs in this report are for 30 years rather than 15 years to provide more information on trends.

Mr. Geary said the water report includes gallons leaked per month rather than a percentage of loss. The unaccounted water loss from middle of 2014 has been reduced by 76%. It is interesting that the last three years are not the driest years and the three driest years were included in the Water Supply Assessment prepared last year.

Director Poulsen commented on the water production and consumption trends. When developments such as the Village and the Resort @ Squaw Creek came online, water consumption went down. This is likely due to tightening up the system for leaks and conservation efforts. It's good that the Governor's program is based on 2013 as the District has made good progress since that time. Last August/September when the state issued Stage II restrictions, the District did not have to enact restrictions since the wells and aquifer levels were fine but did so to comply with the state mandate.

Director Gustafson commended John O'Neal and Brandon Burks for their work on the report. He asked if the District is receiving data from the Squaw Valley Mutual Water Company. Mr.

McGraw said the District is receiving data and they have meters and well monitoring equipment with a SCADA system.

Public Comment –

Dave Brew commended the utilities staff for their work in monitoring and recording the information.

F-8 Property Lease of District Facility to Squaw Valley Preparatory School– 1810 Squaw Valley Road.

The Board reviewed the item, accepted public comment and conditionally approved lease of space at 1810 Squaw Valley Road to the Squaw Valley Preparatory School (Squaw Prep) and authorized staff to execute the agreement.

Mr. Geary said this item was approved last month but the school's legal counsel is reviewing the lease. There should be no substantive changes. Staff requests the Board approve the lease, pending any proposed changes are acceptable to District Counsel and the General Manager with an effective date of May 1, 2015.

Public Comment – none

A motion to approve a lease of space at 1810 Squaw Valley Road to the Squaw Valley Preparatory School subject to approval by Counsel and the General Manager and authorize staff to execute the agreement was made by Directors Sheehan/Wilcox; 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 reviewed the report and Fire operations. There was discussion about the Fire Department's ISO rating and the impact on homeowner insurance policies.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. McGraw reviewed the report. He reported on a sewage spill that occurred last night near 91 Winding Creek Road. District staff responded quickly and with the assistance of Tahoe City Public Utility District the problem was fixed. Reporting to the appropriate environmental agencies was completed and staff is working to ascertain the full scope of the spill and the cause.

He also provided an update on the new drought regulations mandated by the state. There will be more information forthcoming as to how new restrictions are to be implemented,

particularly for small water agencies. Staff will bring forth any additional restrictions to the Board and will request an extension of the Stage II conditions in May.

Mr. Geary said staff is working on a periodic audit of water meters and continued testing of the larger water meters. A drought task force including Mr. Geary, Mr. McGraw and Mr. Burks meets regularly to discuss drought related issues.

Public Comment – none

G-3 Administration Report.

Mr. Campbell reviewed the report. He said there is an error in the report as the bike trail expenditures should be \$31,081.65, not \$30,081.65.

Director Poulsen suggested the newsletter include the various waste disposal dates.

Public Comment – none

G-4 Manager's Comments.

Mr. Geary had no report.

Public Comment – none

G-5 Legal Report (verbal).

Mr. Archer had no report.

Public Comment – none

G-6 Director's Comments.

Director Poulsen said he attends the Squaw Valley Mutual Water Company meetings and now that they have meters in place, they are concerned about how to set rates. He suggested they contact American Water Works Association for assistance. He showed them how a homeowner may check meter readings and they were very impressed with this application.

Earlier in the meeting, Dave Brew commented on treatable water for wells in the valley as part of the Redundant Water Supply study. Although water from the eastern portion of aquifer is not advisable, other wells not within this area might provide food for thought or may be included in the next portion of the study, this is just something to consider.

In response to Jean Lange's comments on tiered water rates, the District may need to change the District's budget and rate schedules in the future. The District wants to encourage conservation and perhaps a way to do this is set tiers of reasonable use and perhaps set a penalty if needed.

Directors Wilcox/Poulsen made a motion to meet in closed session; vote was unanimous.

Cox-yes

Gustafson-yes

Poulsen-yes
Sheehan-yes
Wilcox-yes

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 and Finance and Administration Manager's performance evaluation.

H-1 General Manager

H-2 Finance and Administration Manager

Directors Sheehan/Wilcox made a motion to return the meeting to open session; vote was unanimous.

Cox-yes
Poulsen-yes
Gustafson-yes
Sheehan-yes
Wilcox-yes

I. Possible Action Resulting from Closed Session.

Directors Sheehan/Wilcox made a motion authorizing the General Manager to extend the Finance/Administration Manager's orientation period for an additional period of six months from date of hire; vote was unanimous.

Cox-yes
Poulsen-yes
Gustafson-yes
Sheehan-yes
Wilcox-yes

J. Adjourn.

Directors Wilcox/Sheehan made a motion to adjourn at 11:45 A.M.; vote was unanimous.

Cox-yes
Poulsen-yes
Gustafson-yes
Sheehan-yes
Wilcox-yes

By, K. Obayashi-Bartsch