

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS REGULAR MEETING MINUTES #788
May 27, 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; Brandon Burks, Operations Specialist III; and Thomas Archer, District Counsel.

Others Present: Dave and Sally Brew, Patty Heck, Ed Heneveld, Chevis Hosea, Jean Lange, Tom Mooers, Lance Poulsen, Tom Rinne, Peter Schweitzer, David Stepner and Peter VanZant.

President Cox asked Lance Poulsen to lead the Pledge of Allegiance.

- B. Community Informational Items.**

- B-1 Friends of Squaw Creek – Ed Heneveld said the Stream Gauging Project request will be discussed later in today’s meeting.
- B-2 Friends of Squaw Valley – Dave Stepner provided an update on work related to the *Village at Squaw Project* EIR, including work with a land use planning consultant.
- 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. Ed Heneveld said upcoming discussion items include the Faulkner garage and Pickleball courts.
- B-4 Squaw Valley Mutual Water Company (SVMWC) – none
- B-5 Squaw Valley Ski Holdings – none
- B-6 Squaw Valley Property Owners Association – Sally Brew thanked everyone for their participation at the annual Memorial Day event which included the Pancake Breakfast, clean-up day and afternoon meeting. She commended the Squaw Valley Preparatory school for their clean-up efforts alongside the trail. She said an Adopt-a-Highway clean-up day is scheduled in June and the community bulletin board at the post office will also be refurbished.
- B-7 Tahoe-Truckee Sanitation Agency – Dale Cox provided an update on digester issues, Truckee River Interceptor pipe repair and pipe monitoring. He asked Tom Rinne of T-TSA if he had any news to share with the group. Mr. Rinne said the hydraulic modeling of T-TSA’s TRI is not complete.
- B-8 Incorporate Olympic Valley – Brian Sheehan said the Placer County Local Area Formation Commission (LAFCO) meeting will be June 11th in Auburn. Ed Heneveld said the next regular monthly meeting will be Wednesday, June 4th at 7:00 p.m. in the District’s community room.

C. Public Comment/Presentation. – none

D. Financial Consent Agenda Items.

Directors Poulsen and Sheehan met with staff on Thursday, May 22, 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 Sheehan said the District is 83% through the fiscal year; expenditures are running at approximately 26%, which leaves a positive margin of approximately 9% but with projected expenses, the positive margin is closer to 5%.

Director Poulsen said the Committee also discussed end of the fiscal year adjustments, closing out the bike trail project and the District's land loan.

Director Gustafson commented on item #D-12, Progress Payment to HydroMetrics which includes reimbursement for meals. Mr. Geary said this contract includes reimbursement for travel expenses such as meals and the consultant is required to provide documentation. Not all contracts include travel reimbursement but the contractor is from out of the area, so travel expenses are included.

Public Comment – none

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

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

E. Approve Minutes.

E-1 Minutes for April 29, 2014.

Director Poulsen requested that page 7 read: "Director Poulsen said he supports the contract as the area receives great service at a reasonable cost and better than other local areas." (text addition is shown in underline text).

Chief Pete Bansen said his name was omitted from the listing of staff in attendance.

A motion to approve the minutes for April 29, 2014 with the suggested revisions was made by Directors Wilcox/Poulsen; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F. Old & New Business.

F-1 1st PUBLIC HEARING to Review FY 2014-15 Budget, Rates and Charges.

The Board reviewed the item and accepted public comment.

Mr. Campbell provided a review of the budget and the assumptions used in developing the budget. Staff made adjustments to the budget and are proposing a 13% increase for water, a 10.5% increase for sewer and a 2.98% increase for garbage. Based on the Board's direction, the budget includes fixed asset transfer funds of \$100,000.

The proposed rates advertised in accordance with Proposition 218 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. To date, the District received three letters protesting the proposed increases. The letters are attached to this month's Administration Report (G-3).

Director Poulsen said if water sales were the same as last year the water rate increase would only be 4%. He said the Finance Committee discussed his concern with borrowing from one fund to another and a way to track these exchanges to ensure those funds are replenished. Ms. Drake said these fund transfers are tracked and when revenues increase from new development, the funds that were borrowed from will be replenished.

Director Poulsen said one of the letters is from a customer complaining that part-time residents are being unfairly treated and he suggested that staff explain fixed costs and consumption costs. Ms. Drake said she responded immediately to the letter and explained that rate payment is not just a consumption cost but includes the fixed cost of having the service available.

Director Gustafson expressed concern with the fixed asset replacement fund contributions and the sufficiency of these funds. Mr. Geary said staff worked with the Finance Committee to balance much needed fixed asset fund contributions and unpopular increases in rates.

Director Sheehan said staff will be researching fixed charges and consumption charges relative to other agency's fees and rate structures. This analysis will help set rates and charges next year.

Director Wilcox said approximately 90% of the costs are fixed costs for water and sewer operations.

Public Comment – none

F-2 Introduce Ordinance 2014-02 Adopting Rates & Charges and Revised District Codes.

The Board introduced Ordinance 2014-02 and accepted public comment.

Ms. Obayashi-Bartsch introduced Ordinance 2013-02 which will adopt rates and charges and revise District Administrative codes in accordance with these rates. No action is

requested at this first hearing of Ordinance 2014-02.

Public Comment – none

F-3 PUBLIC HEARING to Establish Appropriation Limits for Funds #541-003 and #541-435.

The Board reviewed the item, accepted public comment and adopted resolutions establishing appropriation limits for funds # 541-435 and 541-003.

A. Adopt Resolution 2014-06, establishing an Appropriations limit for Fund #541-003 for FY 2014-15 in the amount of \$1,300,978.00.

Mr. Campbell provided a review of the item.

Public Comment – none

Directors Gustafson/Sheehan made a motion to adopt Resolution 2014-06, establishing an Appropriations limit for Fund #541-003 for FY 2014-15 in the amount of \$1,300,978.00; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

B. Adopt Resolution 2014-07, establishing an Appropriations Limit for Fund #541-435 for FY 2014-15 in the amount of \$4,091,844.00.

Mr. Campbell provided a review of the item.

Public Comment – none

Directors Poulsen/Wilcox made a motion to adopt Resolution 2014-07, establishing Appropriations Limit for Fund #541-435 for FY 2014-15 in the amount of \$4,091,844.00; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-4 Public Hearing #2 for Ordinance 2014-01 Adopting Revisions to the District's Personnel Chapter, Water and Sewer Chapters Division 7 and Resolution 2014-08 Adopting a Personnel Policies Manual, Water Technical Specifications Manual and Sewer Technical Specifications Manual.

The Board reviewed the item, accepted public comment and approved 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.

A. Adopt Ordinance 2014-01 thereby 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.

Ms. Obayashi-Bartsch provided a review of the item. 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 were used to create new manuals.

Director Poulsen asked how these items will be reviewed if removed from the code. Mr. Geary said all future changes will be discussed at the Committee level before being brought to the full Board for consideration. There will be opportunities for public comment at both the Committee and Board level.

Public Comment – none

Directors Wilcox/Gustafson made a motion to approve Ordinance 2014-01 adopting revisions to the District's Personnel Chapter, Water and Sewer Chapters Division 7; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

B. Adopt Resolution 2014-08 adopting a Personnel Policies Manual, Water Technical Specifications Manual and Sewer Technical Specifications Manual.

Mr. Geary provided a review of the item. Changes proposed are to remove the following portions of the District's Administrative Code and create new manuals with the same language that exists in the Codes now with the exception of minor grammatical revisions and minor substantive changes to the Personnel section and its related exhibits to make the policy current under present conditions.

Changes from Chapter 5 of the Personnel Code include:

1. Section 3.10-A: Revised employees and directors must maintain a "valid driver's license in good standing with the State of California" to "valid driver's license acceptable by the District's insurance requirements".
2. Section 6.04-C: Revised daily on-call duty rates from outdated specified amounts to reference the rates in the current MOU.
3. Exhibit I: Organization Chart updated to replace Controller/Network Administrator with Finance & Administration Manager, and impact on hierarchy of direct reports.
4. Exhibit II: Classifications & Salary Ranges revised to eliminate inactive positions and add new Finance & Administration Manager.

Public Comment – none

Directors Poulsen/Gustafson made a motion to adopt Resolution 2014-08 adopting a Personnel Policies Manual, Water Technical Specifications Manual and Sewer Technical Specifications Manual; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-5 Village at Squaw 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 provided a summary of the District's efforts to continue work on six separate analyses 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 of potential project impacts and, in some cases, long-term planning needs. They are: Water Demand and Supply Analyses including 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 emergency medical services (EMS) and financial projections modelling.

Hydraulic modeling of the Truckee River Sewer Interceptor (TRI) is being performed by Tahoe-Truckee Sanitation Agency (T-TSA) to assess available capacity in their line.

Water

Preparation of the Water Supply Assessment (WSA) for the project is still 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 – The Final WSA is delivered to Placer County for approval by the County Board of Supervisors.

This schedule may change as a result of comments from the ongoing review of the WSA's supporting materials.

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

InterFlow Hydrology is performing an independent third-party peer review of key background information, the updated and calibrated numeric groundwater model, specific milestones in the preparation of the WSA, and the Draft WSA. Squaw Valley Real Estate (SVRE) has prepared preliminary schematic drawings of proposed improvements to the District's production, storage and distribution systems, which are under review by staff and District consultants.

President Cox asked about the future water demands (25 year) and whether Placer County's figure is used in the WSA or if the District's parcel by parcel projection is being used. Mr. Geary said Placer County's figure will be used as they have the land use planning expertise which is appropriate to determine this figure based on future development.

Director Wilcox asked staff to provide both Placer County's demand figure for 25 years and the District's parcel by parcel projection. Director Sheehan supports this request. Mr. Geary said comparing the two figures is a comparison of "apples and oranges".

Director Gustafson commented on the need to link various reports and studies and to complete the Creek Aquifer Interaction Study Phase II.

President Cox said there is information about the aquifer which have created some confusion and misunderstanding about the capacity of the aquifer.

Director Wilcox said the District's service capacity figure of 100 more homes is based on the District's current wellfield capacity not the capacity, or sustainable yield, of the aquifer.

Public Comment

Dave Brew asked if the developer prepared a demand projection. Mr. Geary said they prepared a demand analysis for the project and he is unsure if an aquifer capacity projection was prepared.

Peter VanZant of Sierra Watch said, according to the District's Notice of Preparation (NOP) comments, the District's current system cannot meet the project demands, supply sufficiency analyses will use hydraulic groundwater modelling and verification of water supply will occur as the project progresses.

Jean Lange asked if future developers are required to find their own water; would they be able to ask the District, the Mutual Water Company, PlumpJack or Squaw Valley Real Estate (SVRE) for water supplies. Mr. Geary said a new developer may request any property owner for water if the District is unable to accommodate their request.

Ed Heneveld asked if new single family customers are also required to find their own water. Mr. Archer said the District has a duty to service existing customers and future

customers such as undeveloped single family property owners, subject to availability of supply at the time of the requested connection. The property owner of a larger development or subdivision may be required to find their own water. The District supplies water on a first-come, first-serve basis.

Ed Heneveld said while the WSA will provide a “yes-no” answer to supply the proposed development, knowing the sustainable yield of the aquifer is very important and suggested the District request this figure from the consultant.

Director Poulsen returned to the room.

Break 10:15-10:25

F-6 Stream Gauge Monitoring Project Request.

The Board reviewed the item and accepted public comment.

Mr. Geary provided a review of the item. He said while the information is important and he supports this work there is currently no specific District need for this data. Many other agencies also find this data is valuable. In 2007, the monitoring equipment was sold to Friends of Squaw Creek for \$1.00. The equipment requires considerable upkeep to maintain the gauges.

Mr. Geary said staff will incorporate stream gauge monitoring into the proposed Aquifer Monitoring Project and the Project was submitted for grant funding to both Placer County Water Agency (PCWA) and with the Tahoe Integrated Regional Water Management group. Unfortunately, the District’s grant application for this project to PCWA was denied.

Ed Heneveld requested approximately \$20,000 in funds to help defray the Stream Gauging costs for the upcoming year. If added to the District budget, the additional expense would equate to an approximate 1.7% increase in water rates. Supporting the work along with other pumpers seems reasonable but the District lacks the fiscal resources to support the project entirely.

Public Comment –

Ed Heneveld thanked staff for their work and plans to bring this forward to Placer County for support as well.

Dave Brew said support of the stream gauging is important especially due to climate change.

Director Wilcox suggested Mr. Heneveld make a request to the Squaw Valley Mutual Water Company.

Director Gustafson also suggested making a request to the United States Geological Service (USGS).

F-7 Annual Review of Investment Policy.

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

Mr. Campbell provided a review of the item. He recommends no changes to the current policy.

Director Sheehan said he supports the current policy of safety, liquidity and yield, in that priority order.

Public Comment – none

Director Wilcox/Poulsen made a motion to approve the District's Investment Policy, vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-8 Records Destruction Request #11.

The Board reviewed the item, accepted public comment and authorized destruction of records through adoption of Resolution 2014-09.

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

Public Comment – none

Director Poulsen/Wilcox made a motion to adopt Resolution 2014-09, vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-9 Authorize New Signature Cards for the Cash Management Services Agreement with Bank of the West and Authorize New Signature Cards with Bank of the West for Safe Deposit Box Rental Agreement.

The Board reviewed the item, accepted public comment and rescinded Resolution 2011-24 and 2011-25. The Board adopted Resolution 2014-10 and Resolution 2014-11.

Rescind Resolution 2011-24 & Authorize New Signature Cards for the Cash Management Services Agreement with Bank of the West through adoption of Resolution 2014-10.

Mr. Campbell provided a review of the item.

Public Comment – none

Directors Wilcox/Sheehan made a motion to rescind Resolution 2011-24 and authorize new signature cards for the Cash Management Services Agreement with Bank of the West through adoption of Resolution 2014-10; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

Rescind Resolution 2011-25 & Authorizing New Signature Cards at Bank of the West for Safe Deposit Box Rental Agreement through adoption of Resolution 2014-11.

Mr. Campbell provided a review of the item.

Public Comment – none

Directors Gustafson/Wilcox made a motion to rescind Resolution 2011-25 and authorize new signature cards at Bank of the West for Safe Deposit Rental Agreement through adoption of Resolution 2014-11; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-10 Operations Capital Budget Adjustment.

The Board reviewed the item, accepted public comment and authorized the capital project budget to be amended to include \$8,572.24.

Mr. McGraw provided a review of the item. Staff engaged the services of Carson Pump on an emergency basis to dismantle Well 1R and find the problem. Carson Pump found that water was leaking from the distribution system back into the well through a leak in the column pipe. The column pipe was badly corroded and was replaced with a new epoxy coated pipe that is corrosion resistant. The well was reassembled, flushed and tested at a total project cost of \$8,572.24. Staff requests the capital project budget be amended to include this project.

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-11 Strategic Plan Progress Report.

The Board received the Report update and accepted public comment.

Mr. Geary provided a review of the item. The Board approved the District's Five-Year Strategic Plan in April 2012 with consultant support. Staff prepared the Work Plan included in the Strategic Plan. To support its implementation, the Work Plan has been reviewed semi-annually, in April and October. Moving forward, the Work Plan will be reviewed annually in April or May per direction provided by the Board in April, 2014.

Director Poulsen commented on the progress made in the two year period since the Strategic Plan was adopted.

Public Comment – none

F-12 Placer County Local Agency Formation Commission Ballot.

The Board reviewed the ballot, accepted public comment and cast a District vote for a Special District Representative to the Placer County Local Agency Formation Commission (LAFCO).

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

Director Wilcox and Sheehan recommended the Board cast a vote for incumbent Ron Treabess.

Public Comment – none

Directors Wilcox/Sheehan made a motion to cast a vote for Ron Treabess to serve as the Special District Representative to LAFCO; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

F-13 Squaw Valley Mutual Water Company Operations & Maintenance Agreement.

Directors Cox and Poulsen left the room due to a conflict of interest from an ownership interest. They did not listen to the discussion through a one way audio feed. Director Wilcox assumed chairmanship in Directors Cox and Poulsen's absence.

The Board reviewed the item, accepted public comment and authorized staff to execute agreement with Squaw Valley Mutual Water Company (MWC) for operations and maintenance of the MWC system.

Mr. Geary provided a review of the item including the impact on staffing.

Public Comment –

Jean Lange asked if it is normal to for the MWC to contract for services. Mr. Geary said the company has no staff and runs its operations on a contractual basis.

Dave Brew said he supports the agreement as it provides a good opportunity for the two entities to work cooperatively.

A motion to authorize staff to execute the agreement was made by Directors Sheehan/Gustafson vote was unanimous; 3 yes with 2 absent.

Cox- absent

Gustafson-yes

Poulsen- absent

Sheehan-yes

Wilcox-yes

Directors Cox and Poulsen returned to the room.

G. Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

Chief Bansen provided a review of the report, Insurance Services Office (ISO) Fire suppression rating evaluation, e-mail / text message notification service for public announcements, Pancake Breakfast and Annual Clean-Up Day, vehicle repairs and wildland fire situation.

There were no questions or comments.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. McGraw provided a review of the report, including item #12, Tahoe Sierra Integrated Water Management grant for the Squaw Valley Mutual Water Company (MWC) intertie and the leak loss figure. Director Wilcox said that without an intertie the MWC is at risk of not having enough water if there is a problem with one of their two wells.

Public Comment – none

G-3 Administration Report.

Ms. Obayashi-Bartsch made no comments.

Public Comment – none

G-4 Manager's Comments.

Mr. Geary made no comments.

Public Comment – none

G-5 Legal Report (verbal).

Mr. Archer made no comments.

Public Comment – none

G-6 Director's Comments.

Director Sheehan said he and Director Wilcox attended the California Special Districts Association's "Setting Direction and Community Leadership" training in Sacramento. Attendance at the training equates to a saving of \$2,872 toward the District's workers compensation premium.

Directors Gustafson and Poulsen thanked Chief Bansen and the staff for the Pancake Breakfast and thanked Directors Sheehan and Wilcox for attending the training in Sacramento.

Director 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 will meet in Closed Session pursuant to Government Code 54957 et al regarding the General Manager's annual performance evaluation.

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

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

Director Wilcox said no reportable decisions or actions were made during closed session.

I. Adjournment.

A motion was made by Directors Gustafson/Poulsen to adjourn the meeting at 12:35 p.m.; vote was unanimous.

Cox-yes

Poulsen-yes

Gustafson-yes

Sheehan-yes

Wilcox-yes

By, K. Obayashi-Bartsch