

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING MINUTES #843
August 28, 2018**

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, Fred Ilfeld and Eric Poulsen

Directors Absent: None

Staff Present: Mike Geary, General Manager; Kathryn Obayashi-Bartsch, Secretary to the Board; Allen Riley, Fire Chief; Dave Hunt, District Engineer; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager and Thomas Archer, District Counsel

Others Present: Jean Lange, Sal Monforte and David Stepner

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

B. Community Informational Items.

B-1 Friends of Squaw Creek – None

B-2 Friends of Squaw Valley – David Stepner said the group met with Ron Cohen who is the new Executive Director of Squaw Valley Ski Resort. He provided an update on the status of the Sierra Watch lawsuit against the proposed Village at Squaw Valley project.

B-3 Olympic Valley Design Review Committee (OVDRC) – David Stepner said the group reviewed the design for the Siberia Chair ski patrol building replacement and the proposed design for new ski patrol buildings.

B-4 Olympic Valley Municipal Advisory Council (OVMAC) – There was discussion about changing the name of various Placer County committees and public facilities, Tiny Housing Zoning text amendment, the countywide Park & Trail Master Plan and an update from the Placer Mosquito and Vector Control District.

B-5 Squaw Valley Mutual Water Company (SVMWC) – Dale Cox thanked David Stepner and John Johnson for their work on the SVMWC Board of Directors.

B-6 Squaw Valley Property Owners Association – None

B-7 Mountain Housing Council of Tahoe Truckee – Fred Ilfeld said the fee subcommittee is scheduled to meet this week and will be making fee recommendations. Placer County is moving forward with the purchase of an 11-acre parcel near Dollar Hill, Tahoe City for affordable housing.

B-8 Tahoe-Truckee Sanitation Agency (T-TSA) – Dale Cox provided an update on the Truckee River Interceptor sewer main replacement from manhole 80 to manhole 84 and the Teichert & Son, Inc. request to lease additional T-TSA owned properties for expansion of mining operations. The T-TSA Board also considered several requests for relief of delinquent fees.

C. Public Comment/Presentation.

Public Comment –

Danielle Grindle provided an update on the Placer County Capital Advisory Committee’s work. The group discussed maintaining a reserve of Transient Occupancy Tax funds for future project proposals, discussed ranking results of the second round of grant proposals and a possible recommendation to the Board of Supervisors. The group supported funding a portion of the proposed Squaw Valley Park improvements and the Squaw Valley Museum request but did not support the Squaw Valley Park pavilion project.

D. Financial Consent Agenda Items.

Directors Poulsen and Ilfeld met with staff on August 27, 2018 to review items D-1 through D-9 as well as other finance related items on this agenda.

Director Poulsen said the Committee reviewed all finance related items on the agenda and overall the financial items are in order. The Fire Department strike teams have been busy and while there are expenses, reimbursement from the State is anticipated. A payment of \$835,000 was made to the CalPERS pension system for the District’s unfunded accrued liability. Two capital projects have been postponed including the Truckee River Siphon project and the PlumpJack Well project.

Chief Riley discussed the strike team work including staff morale and scheduling challenges to maintain coverage.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Gustafson/Ilfeld as submitted. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

E. Approve Minutes.

E-1 Minutes for the Board of Directors Special meeting of July 24, 2018.

Public Comment – none

A motion to approve the minutes for the Board of Directors special meeting of July 24, 2018 was made by Directors Ilfeld/Poulsen. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

F. Old & New Business.

F-1 McClintock Accountancy Contract – Audit Services.

The Board reviewed the item, accepted public comment, approved the proposal from McClintock Accountancy for audit services and authorized the General Manager to execute all necessary contractual documents.

Ms. Grindle reviewed the item. The District contracted with McClintock Accountancy to audit the District's financial statements since Fiscal Year 2013. In April of 2017, the Board approved a proposal and contract for an additional three years; however, only a one year engagement letter was signed.

Staff recommends executing a contract with McClintock Accountancy to audit the District's Fiscal Year 2018 and 2019 financial statements.

Director Poulsen said while Ms. Grindle prepares the GASB 68 calculations, McClintock Accountancy will review that work in the audit. Additional fees for review of GASB 75 postings were proposed by McClintock but not approved by staff.

Public Comment – none

A motion to approve the proposal from McClintock Accountancy for audit services and authorize the General Manager to execute all necessary contractual documents was made by Directors Hudson/Gustafson. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

F-2 California Property Tax Apportionment System.

The Board reviewed the item and accepted public comment.

Mr. Archer said Directors Cox and Poulsen have a conflict of interest from their ownership interest in the Squaw Valley Mutual Water Company and recused themselves from this item. Since the scope of the agenda item is informational only, they remained in the room as members of the public but did not participate in the discussion.

Mr. Geary reviewed the item. The District Board was requested by a member of the Board of Directors of the Squaw Valley Mutual Water Company (MWC) to consider allocating a portion of the District's property tax revenue used to fund expenses related to the District's water system to customers of the MWC. The basis for the request is that the District receives property tax revenue from all property owners in Olympic Valley which are used to benefit the District's water customers by offsetting their user fees while customers of the MWC do not receive any benefit.

The District uses property tax revenues to fund its fire protection and emergency medical services as well as a small portion being allocated to water and sewer collection services. Proposition (Prop) 13, Senate Bill (SB) 154, and Assembly Bill (AB) 8 provide the framework for how property taxes in California are set and apportioned.

The District's current share of property tax is based on its share of the property tax received by the District prior to passage of Prop 13. If the District had a higher tax rate prior to Prop 13, it would receive higher property tax revenues today.

The District would likely have a higher tax rate prior to 1978, and would receive more property tax revenue today, if the MWC did not exist in 1978. Since the MWC did exist in 1978 and the District served up to 281 fewer residential properties, this resulted in a smaller share of property tax which persists today.

The District is not required to share property tax revenues but may do so at its discretion, provided that contributions comply with State and Federal laws. The Board may provide direct financial assistance to the MWC, provide operation and maintenance services at a rate less than currently contracted for, or set aside funds to use for costs related to the consolidation of the two water providers. These costs could include capital expenses to upgrade the MWC system and construct inter-ties between the two entities, or other expenses associated with appraisals and negotiations related to implementing consolidation efforts.

Director Hudson asked if there is any way to improve the District's tax allocation to receive a larger portion.

Mr. Geary said it would require negotiation with Placer County. He described how the Northstar Community Services District negotiated with Placer County for tax revenues for new facility developments that were not in their tax allocation boundary. It's very unlikely that Placer County would consider such a request from the District.

Public Comment –

David Stepner said the District should not hold the MWC responsible for receiving a lower portion of tax funds as that was a state mandated formula. The issue for the District's consideration is how to address the equitable use of tax funds as MWC customers do not receive water service from the District but the District is using MWC taxes to support water operations. He suggested offsetting sewer fees for MWC customers as an option.

Jean Lange asked whether funds would be used to offset individual customer accounts or would the funds be used to improve the MWC system. Mr. Geary said it's likely the funds would be used to improve the MWC system.

Director Ilfeld said he believes the tax allocation discussion should include potential consolidation of the systems.

Mr. Stepner said the MWC Board is requesting the District address equitable tax allocation but is not requesting consolidation of the systems.

Director Gustafson said the issue of consolidation has been discussed for many years and is complicated. He would like Counsel's opinion and recommendation.

Director Hudson said as part of the tax allocation discussion, it makes sense to consider consolidation of the systems and what is involved in this type of action.

Sal Monforte commented about the tax allocation amongst departments and the yearly fluctuation between the accounts.

Mr. Geary said since the Board has expressed interest in addressing the issue of tax allocation, this item will be on a future agenda. Staff will provide more information including a rate comparison between the MWC and the District and potential alternatives. Mr. Archer will research conflict of interest issues for Directors Cox and Poulsen to determine what level of participation, if any, may be allowed.

Break 10:15-10:25

F-3 Assignment of Easement Grant Deed and Irrevocable Offer of Dedication.

The Board reviewed the item, accepted public comment, authorized execution of an Assignment of Easement Grant Deed and an Irrevocable Offer of Dedication of sewer facilities from Tahoe City Public Utility District to Squaw Valley Public Service District by adoption of Resolution 2018-15.

Mr. Hunt reviewed the item. The Tahoe City Public Utility District (TCPUD) entered into a development agreement in 2008 to provide sewer service to 5038 and 5048 River Road. These parcels are located on the east side of Highway 89 and within the Squaw Valley East Subdivision.

The Squaw Valley Public Service District (SVPSD) and the TCPUD recently discovered that these parcels are not within the TCPUD service area boundary, but instead are within SVPSD's water and sewer service area boundary.

As part of TCPUD's development agreement, the developer constructed a sewer manhole and approximately 10-feet of sewer pipe for connection to the Truckee River Interceptor, and provided a sewer easement for these facilities. The sewer facilities were dedicated to TCPUD in an Offer of Dedication and Acceptance and granted a sewer easement for the sewer facilities.

Since these parcels are within SVPSD's service area, it is recommended that SVPSD accept an Assignment of Easement Grant Deed and an Offer of Dedication and Acceptance which will convey TCPUD's interest in the Easement Grant Deed, and dedicate the sewer facilities to the SVPSD.

Public Comment – none

A motion to adopt Resolution 2018-15 which authorizes the execution of an Assignment of Easement Grant Deed and an Irrevocable Offer of Dedication of sewer facilities from the Tahoe City Public Utility District to the Squaw Valley Public Service District by was made by Directors Hudson/Ilfeld. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

F-4 Amended and Restated Water Connection and Service Agreement with Tahoe City Public Utility District for the Tahoe Truckee Forest Tract Water System.

The Board reviewed the item, accepted public comment, approved the amended and restated Agreement and authorized execution of the Agreement.

Mr. Hunt reviewed the item. The District entered into a Water Connection and Service Agreement with the Tahoe City Public Utility District (TCPUD) in 1993 to provide a metered commercial water connection for water service to TCPUD's Tahoe Truckee Forest Tract Water System (TTFTWS).

TCPUD was approached by the owners of 5038 and 5048 River Road with a request to provide water service. Based on that request, the original agreement was amended by the Amended and Restated Water Connection and Service Agreement dated April 20, 2018. The amended agreement expanded the service area of the TTFTWS to include three additional parcels: 5020, 5038 and 5048 River Road.

Based on the recent discovery that two parcels are not within TCPUD's service area boundary, but instead are in the Squaw Valley Public Service District's service area, it is necessary to revise the April 20, 2018 Agreement by removing 5038 and 5048 River Road from TCPUD's service area.

The owners of these parcels contacted the SVPSD with a request to provide water service. Staff will be preparing a Development Agreement to define the terms for providing water supply to these parcels. The project will likely include connection to the SVPSD's water system on the west side of Highway 89, adjacent to the Squaw Creek bridge, and installation of a waterline under Highway 89. This will terminate with two water meters and a fire hydrant on the east side of Highway 89 adjacent to the private bridge that provides access to the parcels. It is unknown when these improvements will be constructed.

A motion to approve the amended and restated Water Connection and Service Agreement and authorize execution of the Agreement was made by Directors Hudson/Gustafson. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

G. Status Reports.

G-1 Fire Department Operations Report.

Chief Riley reviewed the report including the Strike Team work.

Public Comment –

Chairman Cox reported on a propane tank that had its propane burned off without notification to or backup from the Fire Department. He requested staff to notify the propane companies of the appropriate notification procedure and to notify Fire Department staff for standby as needed.

G-2 Water & Sewer Operations Report.

Mr. Burks reviewed the report.

Public Comment –

Chairman Cox said there may be grant opportunities from the State of California for water storage and wants water retention to be considered as a water management option for the Valley.

Director Gustafson said his goal has always been to manage water pumping in the valley to maintain a minimum level of flow in Squaw Creek.

G-3 Engineering Report.

Mr. Hunt reviewed the item including updates on the Water Tank Inspection and Recoating, Zone 3 Booster Pump Station Upgrades, Sewer Manhole Inspection and Condition Assessment, PlumpJack Well, and the Truckee River Siphon Projects.

Public Comment – none

G-4 Administration Report.

Ms. Obayashi-Bartsch reviewed the item and announced that she will be leaving the District this year.

Public Comment – none

G-5 Manager's Comments.

Mr. Geary reviewed the report.

Public Comment – none

G-6 Legal Report (verbal).

Mr. Archer complimented Mr. Hunt's and Mr. Geary's efforts on the PlumpJack Well, the Truckee River Siphon Project and other District issues.

Public Comment – none

G-7 Director's Comments.

Director Poulsen said he has heard from several people in the community that the District has considerable amount of excess funds. This is not the case as most of the funds are earmarked for projects and other projected expenses. The District actually has very limited discretionary funds. He thanked Mr. Burks and the Operations staff for repairing the access road to the West End Water Tank. He suggested that future discussion about tax allocations include other inequities that exist within the system such as the river corridor and mountain lands areas.

Director Cox announced that he is retiring from the plumbing business.

Mr. Archer said he has closed his office but will continue to offer legal services to customers such as the District.

H. Adjourn.

Directors made a motion Hudson/Ilfeld to adjourn at 11:55 A.M. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

By, K. Obayashi-Bartsch