

SPECIAL BOARD MEETING  
APPROVED MINUTES

February 26, 2008

DIRECTORS PRESENT: President Kelly Atchley, Vice President Erik Henrikson  
Directors Dan Wilkins, Ron Treabess, and Lou Reinkens

STAFF PRESENT: Bob Lourey, General Manager  
Cindy Gustafson, Assistant General Manager  
Alan Harry, Administrator of Planning & Public Works  
Mike Sexton, Legal Counsel  
Ginger Charlton, District Clerk

**A. CALL TO ORDER – PLEDGE OF ALLEGIANCE**

*President Atchley called the meeting to order at 10:30 a.m. Mr. Harry led the audience in the Pledge.*

**B. PUBLIC HEARING**

*Director Atchley explained how the meeting would be run and asked for any protests to be presented to the clerk so they could be tallied during the meeting. She then called the public hearing to order at 10:35 a.m. and read the notice. Mr. Lourey explained that Mr. Harry and Ms. Gustafson put together a power-point presentation to refresh the Board and public on what is being presented. Staff went through the presentation and answered questions of the Board and audience. Mr. Sexton noted that legal counsel has from time to time advised the District that the Public Utility District Act suggests very strongly that utilities operations be self-sustaining with rates and the District hasn't done so for many years. Ms. Gustafson also explained to the audience that the State could potentially take 50% of our property tax away and staff is currently working on a preliminary analysis of cuts that need to be made. Ms. Gustafson noted that some of the public have said that they weren't aware of the rate increase. She reviewed a handout showing the notifications that have taken place over the past year and answered questions.*

*Mr. Lourey reported that at the moment there are 95 protests on sewer and 85 protests on water which equals less than 2%. Director Atchley opened the meeting for audience input at 11:05 a.m.*

*Jan Brisco asked how the ordinance would affect commercial accounts and what follow-up would take place to keep ratepayers informed of costs, etc. Ms. Gustafson went over the rate chart and explained the amounts are the same as*

*for residential. She said that the District will continue using the quarterly newsletters and website for outreach. Mr. Lourey said that if anyone has suggestions for more outreach, the District would like to know.*

*Mike Hawkins read a letter to the Board about TCPUD's responsibility to contribute to the preservation and protection of the social, environmental, and economic viability of the residents, property owners and businesses of Tahoe City. He urged the Board to review alternative funding sources, the relative importance of existing programs, and the need for various "perks" for staff and directors before approving rate increases.*

*Joe Lanza said that this rate increase is really three rate increases and he is concerned about the impoverished people in the community. He said that he understood the need for the 17.5% and 5% increases, but he urged a low rate for the base and asked that it be increased from 6,000 to 10,000 gallons.*

*Jan Huelle asked if somebody could look at the budget to see if there is any way to save money in our company so that the rate increases wouldn't need to be so high. Staff explained how the Board questions expenditures and keeps a reign on the budget. He also asked about the infrastructure. Mr. Lourey said that more of the water system is at or near its useful life than the sewer system.*

*Director Reinkens said that he believes that there is a shortfall in sewer similar to water and he feels that the 5% proposed rate increase is low. He said the District needs to make itself whole and should raise both rates by 17.5%.*

*Mr. Lourey gave the updated final numbers for the protest:*

*96 protests for sewer (1.3%)  
86 protests for water (2.21%)*

*Director Treabess said that there was a well thought-out reason on where the rates should be. He said that the water rates need to be raised 17.5% so that our property tax money doesn't need to go into the operation of the water system. Currently, the property tax of everyone in the community is used to benefit the people on the water system, which isn't fair. The fair way to go is to withdraw the property taxes from water rates. He also said that he initially voted no on the sewer raise because we weren't pointing out the amount that was needed and that was necessary to start to help close the gap.*

*Mr. Sexton explained the history of Proposition 218 and protest hearings. He noted that there was a decision last year by the California Supreme Court that said that water rates are part of Proposition 218 and, therefore, need to have a protest hearing.*

*Director Wilkins said that we still have a lot of property tax that is going into the district water system in the form of paying off loans of the past that were done for infrastructure. In his opinion, the 17.5% rate increase will still not get us to a*

*point where members of private systems are not helping to subsidize the public system. He hopes that we continue to look at that when looking at the rate setting exercises for consumption based metering in the future. He said that he believes that money that is generated by the rate increase should go to creating less debt in property tax for all residents that the district would have to pay at a later date.*

*Director Henrikson said that he would like to make water self-sustaining and not being supported by the rest of our constituents. He said that he believes that the money generated by the rate increase could be used as a reduction in the sewer rates, the way Director Wilkins stated, put into capital improvements to subsidize sewer, or something equitable across the board. He said that since the District is asking for so much money this year in water, he would like to see the Board not propose a rate increase for sewer. He will vote no if it is proposed.*

*Warren Bray requested that a section of updates be put into the local paper so that second homeowners could keep abreast of what is happening with important issues in the community. Andrew Cristancho said that the paper is on-line and has a search box so that people can find the information they are looking for. Director Atchley added that the Chamber of Commerce maintains a week's worth of papers at all times.*

*Arline Krise was concerned about how the price of water going up will affect landscaping. She said that people won't water so their yards will die. That will make the fire department and their neighbors upset. Ms. Gustafson said that the gallonage hasn't been set yet and there will be public workshops on that.*

*Virginia Graham said that the Board and newspaper have been very good at getting out the information. She said that she was pleased that Ms. Gustafson said that staff is working hard at cutting costs.*

*Director Wilkins asked Ms. Gustafson asked what the change in sewer operating cost is from the 2007 to the 2008 budget. She said 12.5%.*

*Director Atchley asked if there was anyone that came to protest that hadn't had a chance to do so. She reiterated that we received 96 protests on sewer rate increase (1.3%) and 86 protests on water rate increase (2.21%). She closed the hearing at 11:55 a.m.*

## **C. RESOLUTIONS/ORDINANCES**

1. Ordinance No. 259 Amending and Modifying Ordinance No. 255 Exhibit "10.01" (Sewer) Schedule of Sewer Service Rates and Charges and Amending and Modifying Ordinance No. 185 (as amended) Exhibit "A" (Water) Schedule of Water Service Rates and Charges and Establishing Water and Sewer Service Fee Schedule

*Director Wilkins made a motion to adopt Ordinance No. 259. Director Reinkens seconded the motion. Director Henrikson said that he would vote no on this ordinance, but if it could be split, he would vote yes on the water and no on the sewer. Mr. Sexton said that the ordinance could be split. Director Atchley asked the Board if they would like to split the ordinance. It was her recommendation to do the split for the record of the audience and the constituents of the District. Mr. Sexton recommended revising the ordinance as 259-a (sewer) and 259-b (water). Director's Wilkins and Reinkens amended their motion and second as follows:*

**Motion to approve Ordinance No. 259-a (Sewer): Wilkins/Reinkens/4-1 by roll call vote (Director Henrikson voting no)**

**Motion to approve Ordinance No. 259-b (Water): Wilkins/Reinkens/5-0 by roll call vote**

**D. CONSENT AGENDA**

2. Approval of \$3 Million Transfer from General Fund to Enterprise Fund

*Mr. Lourey said that this transfer of money is an annual housekeeping item and recommended approval.*

**Motion to approve: Reinkens/Henrikson/5-0**

**E. PUBLIC FORUM**

*Jan Brisco asked if the TCPUD made a formal comment on the Truckee River Operating Agreement. Director Atchley said they had not. Ms. Brisco recommended that staff provide an update to the Board on the item.*

**F. ADJOURNMENT**

*The meeting was adjourned at 12:00 noon.*

---

Catherine K. Atchley, President

---

Ginger Charlton, District Clerk