

BOARD MEETING
APPROVED MINUTES

March 19, 2010

DIRECTORS PRESENT: President Dan Wilkins, Vice President Ron Treabess
Directors Judy Friedman and Erik Henrikson

STAFF PRESENT: Cindy Gustafson, General Manager
Jim Dykstra, Director of Accounting & Employee Services/Treasurer
Matt Homolka, District Engineer
Tony Laliotis, Director of Utilities
Ginger Charlton, District Clerk

A. CALL TO ORDER

President Wilkins called the meeting to order at 8:30 a.m. and led the audience in the Pledge.

B. AGENDA AMENDMENTS AND APPROVAL

1. Agenda Deletions, Changes, and Audience Requests

Director Wilkins said that staff requested to delete item #15, Strategic Plan Update, and bring it back to the April agenda.

2. Additions to Agenda

Ms. Gustafson asked to add a special presentation item at the beginning of the meeting. She also reported that an item regarding the need for a ground lease amendment with the Fire District came to the District's attention yesterday that needs to be added to the agenda. She passed out information on the item and the section of the Brown Act that allows adding the item since it came to the attention of the District subsequent to the agenda being posted and needs immediate action. Director Wilkins explained that since only three Board members were present, the vote to add the item would need to be unanimous.

**Motion to add the special presentation and the ground lease amendment item:
Friedman/Treabess/3-0**

3. Approval of Agenda

Motion to approve the agenda as modified: Friedman/Treabess/3-0

M. GENERAL

2a. Added item on Snowfest Queen Candidate

Ms. Gustafson announced that this year Sierra Stevens was a candidate for Snowfest Queen representing Rideout Community Center. She sold tickets and earned \$877 for the teen

program. Ms. Gustafson and the Board thanked Sierra for her hard work and her efforts to help Rideout.

2b. Added item for Ground Lease Amendment

Ms. Gustafson introduced Nita Wracker and Dave Ruben from the North Tahoe Fire Protection District and explained the need for the amendment to the ground lease. The ground lease that was signed last summer had a clause in it that said if financing wasn't ready by March 1st, the District could pull out of the lease. They are asking for an extension of June 1st and the iBank needs this amendment by March 31st. The resolution modifies the ground lease and was approved by legal counsel. Ms. Gustafson recommended approval.

Director Henrikson arrived and Director Wilkins filled him in on the item.

Motion to approve Resolution #10-12, Ground Lease Amendment: Treabess/Friedman/4-0 by roll call vote

C. PUBLIC FORUM

There was no public input.

D. FINANCIAL

4. Approval of \$2.3 Million Transfer from General Fund to Enterprise Fund, and Designation of Property Tax Reserve – Water and Additional Water and Sewer Long-Term Capital Replacement Reserves

Mr. Dykstra reviewed the annual transfers and explained that the \$20 million that has been transferred over the last seven years has had substantial impact on keeping sewer and water rates lower. He answered questions of the Board and recommended approval.

Motion to approve: Henrikson/Treabess/4-0

- E. NOTICE OF PUBLIC HEARING** – To establish, by resolution, the appropriation limits for the 2010 fiscal year for the TCPUD as described in Article XIII B of the State Constitution. The proposed appropriation limits are \$14,478,770.

Director Wilkins opened the hearing at 8:45. Mr. Dykstra explained the resolution that is necessary for TCPUD to establish the appropriation limits for 2010. Ms. Gustafson explained why it is necessary and how the requirement came to be. There was no public input and Director Wilkins closed the hearing at 8:50.

F. RESOLUTIONS

5. Resolution #10-10 of the Tahoe City Public Utility District Setting Appropriation Limits for the 2010 Fiscal Year

Motion to approve Resolution #10-10: Henrikson/Treabess/4-0 by roll call vote

G. PROJECTS

All items covered under consent calendar.

H. SEWER AND WATER UTILITIES

All items covered under consent calendar.

I. PARKS AND RECREATION

All items covered under consent calendar.

J. CONSENT CALENDAR

Director Friedman asked to pull item #9. Director Henrikson asked to pull item #12.

Motion to approve remainder of calendar: Henrikson/Treabess/4-0

6. Minutes

- Parks and Recreation Committee – February 10, 2010
- Board Workshop – February 18, 2010
- Board Meeting – February 19, 2010

7. Finance Report

8. General Manager and Staff Reports

- a. General Manager
 - Director of Development and Public Information
 - Director of Utilities
 - District Engineer
 - Project Status
 - Technical Services
- b. Director of Parks and Recreation
 - Parks Superintendent
 - Recreation Superintendent

9. 2010 Stage Lease Agreement with Lake Tahoe Summer Music Festival

Director Friedman asked questions regarding the maintenance of the Wenger. Ms. Gustafson and Roger Adamson explained what is done annually and noted that the District is trying to get as much wear and tear as possible on the old Wenger while trying to preserve the new one.

Motion to approve: Friedman/Henrikson/4-0

10. 2010 Recreation Catalog Contract

11. Approval of Purchase – Xerox Color and Black & White Copiers

12. Approve Contract Agreement for Mandated Cost Claiming Services with Shields Consulting Group, Inc.

Director Henrikson questioned if it is a gamble to give 5% to Shields Consulting Group when they submit the claim instead of waiting to pay the entire 10% upon receipt of payment. Mr. Dykstra said that he is recommending the payment plan because he has worked with Shields

before, they stay on top of the work, and the District will eventually get paid. Mr. Dykstra said that he will also talk to them about the mandatory water meter issue.

Motion to approve: Henrikson/Treabess/4-0

M. GENERAL

14. Water System Acquisition Policy

Ms. Gustafson said that Director Reinkens called from Hawaii and requested to be put on the speakerphone for this item. Since his location wasn't listed on the agenda, he will just listen to the discussion.

Ms. Gustafson reviewed the changes she put into the policy after the February workshop and from input she later received from the Directors. She said she drafted some findings so that Boards in the future would understand why the Board did what it did.

Directors Treabess, Friedman, and Wilkins were in general agreement to basically accept the language with the modifications from Director Reinkens.

Director Henrikson had some philosophical concerns about the tone of the policy and said that he would like it to only have willing buyer/willing seller included.

Ms. Gustafson went over some discussion points on the policy and the Board held a discussion on if it's necessary or desirable to establish customer support for rates. Ms. Gustafson said that she would bring a range of alternatives that could be used to the April meeting and Mr. Sexton would be in attendance to go over the criteria involved with formation of an improvement or assessment district.

Director Wilkins suggested a short break before the public hearing. Mr. Homolka said that they would give a presentation on the CEQA document, hold the public hearing, and then adopt the resolution. Ms. Gustafson said that Jeff Meith, legal counsel, would be added to the conference call because of future decisions that the Board may be making. Director Reinkens' call was dropped.

K. NOTICE OF PUBLIC HEARING – To receive written and oral comments related to the Mitigated Negative Declaration for the Lake Forest Water Company Acquisition and System Reconstruction

Ms. Gustafson stated for the record that she and Director Henrikson are conflicted on this issue because they own property in the Lake Forest Water System area and are customers of the Lake Forest Water Company and will abstain from discussion on the issue. Director Henrikson and Ms. Gustafson moved to the rear of the room.

Mr. Homolka introduced Wally Auerbach who gave a presentation on the CEQA document, the timeline, the steps that they went through, and the mitigations.

Director Wilkins opened the public hearing at 10:05 am. There was no comment from the audience and the hearing was closed at 10:06 am. Ms. Gustafson and Director Henrikson left the room.

L. RESOLUTIONS

13. Resolution #10-11 - Adopting a Mitigated Negative Declaration for the Lake Forest Water Company Acquisition and System Reconstruction Project

Mr. Homolka reviewed the revised resolution and noted that more specific language was added regarding the items that the Board would be approving.

Motion to adopt Revised Resolution #10-11: Friedman/Treabess/3-0 by roll call vote

The conference call was ended and Ms. Gustafson and Director Henrikson returned to the meeting.

M. GENERAL

16. Reports

Mr. Dykstra reported that CalPERS is investigating their investment return assumption and he will report their updates back to the Board.

Mr. Homolka reported that the contractor has begun replacing valves at the McKinney project. He also reported that the Sewer and Water Committee met and has a new draft of the Consultant Selection Policy which he will take to the April P&R Committee for review before bringing it back to S&W and then the Board.

Mr. Laliotis reported that there was a significant water leak last night in the Highlands. Staff responded and found a 1" water service separated from the main which was leaking 50 – 75 gallons a minute. Staff members worked until midnight and are back out today cleaning up. Ms. Gustafson thanked staff for working in the cold and muddy conditions until midnight.

Mr. Laliotis said that the updated Sewer System Management Plan that they have been working on in-house with HDR is in final draft form. A 30-day comment period will begin soon and a public hearing and possible adoption will take place at the April meeting.

Mr. Laliotis said that at the Sewer and Water Committee he brought forth a staff report on the work to date with TTSA on the issue of discharge and backwash water at McKinney/Quail Interim Water Treatment Plant.

Ms. Gustafson reported for Parks and Recreation. She said that staff had previously reported that there were going to be off-site inspections of boats by TRPA this year. TRPA lost some of the sites and are still figuring out what they will do. As soon as staff has a definitive answer, they will let the Board know what's happening this year.

Ms. Gustafson reported that Doug Olsen gave notice that he will be retiring this year. His shoes will be tough to fill because of his sense of humor and great attitude.

Ms. Gustafson reported that CTC awarded TCPUD conditional approval of \$2.5 million and over 9,000 square feet of coverage for the Lakeside Bike Trail. The grant is based on the sale of bonds and CTC believes the money will be in place next week. Ms. Gustafson added that the District is still looking for ARRA funding and bicycle trail account funding.

Ms. Gustafson said that at the Community Issues meeting they discussed a free demonstration of streaming our Board meetings for the web. She said many districts are doing this so that customers can go to the website and see the items that they are interested in instead of hearing it through the grapevine. She said that it could also be used to educate the community on other District issues. The committee recommended having the free trial at the April meeting.

Ms. Gustafson reported that Tony Lalotis was appointed to the Truckee Donner PUD Board of Directors and attended his first meeting Wednesday evening. The Board congratulated him.

Ms. Gustafson reported that she and Director Wilkins had some good meetings when they went to Washington DC. She said that the appropriation requests are in the Senators' offices and we should hear what is being supported by the end of April.

Ms. Gustafson said that the local special districts have been discussing the TOT reelection and input on RDA. The general managers will get together to draft language about the process and how we can be involved. She said that so far TOT has funded \$3.4 million on projects within the District, \$1.7 million on the Tahoe City Sidewalk Drainage Project, and \$370 thousand towards the purchase of Heritage Plaza.

17. General Correspondence

Director Henrikson asked if the District had responded to Rick Dewante's letter. Ms. Gustafson said that legal counsel is currently helping with a draft response.

18. Board Follow-up

Director Treabess asked about items on the chart that didn't include an initiation date. Ms. Gustafson will check into it. The snow storage item was discussed and will be brought to the April meeting for discussion.

N. DIRECTOR'S FORUM

19. Directors' Comments and Correspondence

Director Friedman congratulated staff for the float that won Best Theme Award at the Snowfest Parade.

Director Treabess asked if a planned construction completion date could be added to the projects on the Projects Status Report. He also wanted to let staff know that the Board understands that staff occasionally has to go out late at night in horrible conditions to fix emergency problems and that they are appreciated.

Director Treabess also wanted to note that at the Conservancy Board's last meeting, the Director and Board members gave Cindy Gustafson kudos for her efforts and presentations on projects. Her work on the part of the District has helped TCPUD receive lots of money for our projects.

O. MEETING REVIEW AND STAFF DIRECTION

Ms. Gustafson reported the following:

- Staff will bring back revisions to the Water System Acquisition Policy and options under the next steps and procedures. Mr. Sexton will be in attendance at the April meeting and give a report on the various options available to the District on forming both improvements districts and assessment districts.
- Revisions will be made to the Engineer's Report.

The Board adjourned to closed session at 10:55.

P. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Subdivision (a) of Government Code Section 54956.9

21. Eminent Domain Proceeding of Lake Forest Water Company

CONFERENCE WITH REAL PROPERTY NEGOTIATORS: TAHOE PARK WATER COMPANY – Government Code Section 54956.8

22. District Negotiators: Tony Lalotis and Cindy Gustafson

Negotiating Party: Rick Dewante

District negotiators will be given instruction concerning whether the District will seek to purchase the water company and, if so, price and terms of such purchase.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS: TIMBERLAND WATER COMPANY – Government Code Section 54956.8

23. District Negotiators: Tony Lalotis and Cindy Gustafson

Negotiating Party: John Ballard

District negotiators will be given instruction concerning whether the District will seek to purchase the water company and, if so, price and terms of such purchase.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS: LAKE FOREST WATER COMPANY – Government Code Section 54956.8

24. District Negotiators: Tony Lalotis, Jim Dykstra, Harold Morgan, and Dennis Viglione

Negotiating Party: Rick Dewante

District negotiators will be given instruction concerning whether the District will seek to purchase the water company and, if so, price and terms of such purchase.

CONFERENCE WITH LABOR NEGOTIATORS – Government Code Section 54957.6

25. District Representatives – Cindy Gustafson and Jim Dykstra

Employee Organization – Management, Supervisory, Professional, and Confidential Employees

**PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT/PERFORMANCE
EVALUATION/COMPENSATION – Government Code Section 54957**

26. General Manager

Q. CLOSED SESSION REPORT

22. The Board gave direction to the District negotiators.

23. The Board gave direction to the District negotiators.

25. The Board approved the contract with Management, Supervisory, Professional, and Confidential Employees

Ms. Gustafson left closed session for the remainder of the items.

21. No reportable actions were taken.

24. No reportable actions were taken.

26. No reportable actions were taken.

R. ADJOURNMENT

The meeting was adjourned at 1:00 p.m.

Dan Wilkins, President

Ginger Charlton, District Clerk

Prepared by Ginger Charlton