

REGULAR BOARD MEETING
APPROVED MINUTES

March 21, 2008

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

STAFF PRESENT: Cindy Gustafson, General Manager
Jim Dykstra, Treasurer, Director of Accounting & Employee
Services
Alan Harry, Administrator of Planning and 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 8:30 a.m. Director Wilkins led the audience in the Pledge.

B. AGENDA AMENDMENTS AND APPROVAL

1. Agenda Deletions, Changes and Audience Requests

President Atchley asked to change item #20 (Significant Exposure to Litigation) to read three potential cases instead of two.

2. Additions to Agenda

Ms. Gustafson asked to add an item right before Public Forum for Employee Recognition

3. Approval of Agenda

Motion to approve the agenda as amended: Wilkins/Henrikson/4-0

B.1. EMPLOYEE RECOGNITION

- 3 ½. Dan Lewis - ACWA/JPIA Professional Development Program

Ms. Gustafson went over Dan's history with the District and complimented him on doing an outstanding job. She read a letter from ACWA/JPIA congratulating Dan on completing the Professional Development Program. Mr. Laliotis added that only two or three other people from this District have completed the program and he congratulated Dan.

C. PUBLIC FORUM

Vladislav Bevc said that his written presentation is somewhat incomplete because he didn't have the opportunity to review the rates. He is concerned about there being a

subsidy from sewer customers that serves sewer and water customers. He asked for information on this issue. Mr. Sexton answered the questions that Mr. Bevc previously asked him about his acting as the District's attorney and noted that he needs the General Manager's approval to do work for a member of the public. He said that he did review Mr. Bevc's claim and will advise the Board to put this item on the next agenda to consider the claim. He noted that because of the Brown Act, the Board can't even discuss the issue today. The Board directed staff to prepare a response for the next meeting.

D. FINANCIAL

All items covered under consent calendar.

E. PROJECTS

All items covered under consent calendar.

F. WATER AND SEWER UTILITIES

4. Award of Bid – 2008 Water Meter Completion Project – Tahoe Hills/Rubicon

Jon LeRoy said that bids were opened Tuesday on the three water meter projects. He said that bids came in low for Rubicon and prices dropped as the day progressed due to great competition. He recommended that the Board award the Tahoe Hills/Rubicon project to the lowest responsive bidder, Peterson Construction, at \$159,999.

Motion to approve: Henrikson/Wilkins/4-0

5. Award of Bid – 2008 Water Meter Completion Project – McKinney-Quail

Mr. LeRoy recommended awarding the project to the lowest responsive bidder, Vulcan Construction & Maintenance, Inc., at \$364,000.

Motion to approve: Henrikson/Wilkins/4-0

6. Award of Bid – 2008 Water Meter Completion Project – Tahoe City South

Mr. LeRoy recommended awarding the project to the lowest responsive bidder, Peterson Construction, at \$249,875. Ms. Gustafson noted that staff did a tremendous job on pulling this project together in-house to do all of the design and saved the District significant dollars.

Motion to approve: Henrikson/Wilkins/4-0

7. Potential Acquisition of West Lake Water Company

This is a timed item for 10:30 so will be handled at the appropriate time.

G. PARKS AND RECREATION

All items covered under consent calendar.

H. CONSENT CALENDAR

Director Henrikson asked to pull item #10-c, the Recreation Superintendent's report.

Motion to approve the remaining consent calendar: Treabess/Wilkins/4-0

8. Minutes

February 12, 2008 – Sewer and Water Committee Meeting
February 14, 2008 – Parks and Recreation Committee Meeting
February 15, 2008 – Board Meeting
February 26, 2008 – Special Board Meeting

9. Finance Report

10. General Manager and Staff Reports

- a. General Manager
- b. Administrator of Planning and Public Works
 - Director of Utilities
 - District Engineer
 - Project Development
 - Technical Services
- c. Director of Parks and Recreation
 - Parks Superintendent
 - Recreation Superintendent

Director Henrikson said that he is concerned about cost recovery for Project Learn and adult programs. Project Learn's cost recovery has been dropping over the years and he doesn't feel it's fair for the District to subsidize the program. Ms. Gustafson said that it is a concern and should be agendaized at a later date so that the Board can further discuss it and go through the programs. Mr. Bolton explained that the interns weren't put into place successfully this year so they had to put temporary help in and that costs more. He explained how the numbers work for Project Learn and what Project Learn provides for students. The Board asked that this item be brought back to the next Board meeting so that Mr. Bolton has a chance to finish the piece that he needs to complete for the report. Director Treabess noted that this item was supposed to come to the Parks and Recreation Committee but because of the need to look at budgetary cuts it was switched to come back to the Parks and Recreation Committee in April. He suggested that it either be gone over in detail at the Parks and Recreation Committee and have Board members attend, or not do it at the Parks and Recreation Committee and put on the presentation at the Board meeting. It was decided to do it at the Parks and Recreation Committee meeting and then agendaize it for the Board meeting so that the Parks and Recreation Committee can address the Board on the topic.

Motion to approve: Henrikson/Treabess/4-0

11. Harbor Master Pump Station

- a. Change Order #6
- b. Pay Estimate #11

I. RESOLUTIONS/ORDINANCES

12. Resolution Commending and Thanking Bob Lourey for his Devoted Service to TCPUD

Director Atchley read the Resolution, noted necessary clerical corrections, and asked if there were any changes or additions. Director Henrikson asked that a sentence be added about Mr. Lourey becoming a Trikke salesman.

Motion to approve Resolution #08-09 as revised: Henrikson/Treabess/4-0 by roll call vote

J. GENERAL

13. Reports: Engineering Department, Finance Committee, Finance Department, Parks & Recreation Committee, Parks & Recreation Department, Pre-Agenda Committee, Risk Coordinator, Tahoe-Truckee Sanitation Agency, Water & Sewer Department

Mr. Dykstra asked to move the Finance Committee Meeting from April 11th to the 4th so that he can attend. It's doubtful that Director Reinkens will be back for the meeting but Director Atchley will be there regardless. A second member will be provided if Director Reinkens is unavailable. It was also reported that the auditors finished two days early due to staff's tremendous work and the financial statements are being finalized. They will be brought to the April 18th meeting.

Mr. Laliotis reported that he interviewed seven candidates for the position of Utilities Superintendent and he has it narrowed down to two. He spent the day with the final two individually and will offer the job to one of them next week. Ms. Gustafson noted that we had two internal candidates that did very well in the interviews and staff will continue working with them to help them grow in the organization.

Mr. Bolton reported that the District received a \$4,000 donation from Tahoe City Rotary for exercise equipment for Rideout. They also received a \$16,000 grant for a safety boat for the sailing program. He also reported that Nanci Davis donated all of Bud's weight equipment to Rideout. Director Henrikson asked about the sod at Common's Beach and wondered if AstroTurf can be placed on the beach as a replacement. Mr. Bolton replied that TRPA has always considered AstroTurf coverage. He announced that there is going to be a public awareness meeting about the tennis courts at Tahoe Lake being removed on Wednesday, March 26th, at 5:30 in this room.

Ms. Gustafson reported that she received a phone call from Chuck Marr (Madden Creek Water Co. and Tahoe Cedars). He is interested in finding a way to connect all the water systems to provide backup to each other for fire suppression. Ms. Gustafson offered to meet with him and will keep the Board informed of what happens. She also reported that FEMA informed us that part of our funding for the Blackwood Pump Station mitigation was denied because it was an alternative project. Staff will bring this item back to Sewer and Water Committee to get input and then bring it back to the Board.

14. Consideration of Support for SB 1159

Director Atchley said that Jennifer Merchant was asked to come to this meeting to update the Board on the project and to answer questions about the Board's concerns.

Ms. Merchant gave a presentation on the legislation and asked for a letter of support from the Board. Mr. Bolton said that this legislation could potentially give us some cost savings on maintenance. Some Board members had concerns about the ordinance and the way it is written. The timelines that the ban could be in place aren't firm and members were concerned that it could potentially be banned all summer long. Director Treabess said that he didn't think that it would be a big benefit for TCPUD to do a letter. Ms. Merchant said that she believed it would help and asked the Board to consider it. The Board deliberated about what the letter of support should say.

Motion to write a letter of support for the legislation with the stipulation that the Board direct the General Manager to indicate support for identifying a very limited number of days consistent with the intent that they are really targeted at those days when the river is getting trashed by over-utilization (Wilkins). Keep the Board apprised of what is being done so that everyone is delivering the same message (Atchley). Raise the enforcement issue (Treabess). Be included in an annual review (Henrikson). Wilkins/Treabess/4-0

President Atchley announced that it's almost time for the timed item and requested that General Correspondence be next since it should be a short item.

16. General Correspondence

Director Atchley asked if the letter from TTSA regarding reporting to Lahontan had been handled. Ms. Gustafson said that staff is working on it currently.

Director Treabess asked how the Truckee Trail is going. Directors Henrikson and Wilkins reviewed the current status. While on the subject, Director Atchley asked if when Director Henrikson needs to miss a TTSA meeting, could another one of our directors act as an alternate. She thought maybe Director Reinkens or Treabess could go. Staff will check to see if it's a possibility. Director Wilkins said that he would be cautious about having too many faces there because it could send mixed messages. He added that a lot of the issues that TTSA deals with are long-term issues.

F. WATER AND SEWER UTILITIES

7. Potential Acquisition of West Lake Water Company

Mr. Harry went over the history on this item and the request by the four customers of West Lake Tahoe Water Company (WLTWC) for the District to take over their system. Mr. Lourey directed staff in February to prepare an engineer's estimate for the construction of a permanent six-inch water service, approximately 100 feet of new main, the installation of a pressure reducing valve and vault, the upgrading of two fire hydrants and the installation of water meters for each of the four residential connections. The estimate excluded the replacement of service laterals since they are identical to many of TCPUD's service laterals in Rubicon. Mr. Lourey also recommended that TCPUD bear the cost of meter installation since they will be doing the same for other taxpayers throughout the District's water service territory. Mr. Harry reviewed the four items that staff needs direction on and said that they would like to hire a water rights attorney to help with establishing some value for the water rights.

Terry Jewel and Bob Dixon went over the history of their community and the steps that they have taken with TCPUD over the years to have the District take over WLTWC. They also expressed their extreme concern about fire suppression in their area and the need

to update their fire hydrants and increase flow. The Board held a discussion on the costs associated with this acquisition and the division of who should pay for what. Mr. Harry said that staff was hoping to get the Board's authorization to put this packet together, get it out to bid, and bring the results back as soon as possible. Director Wilkins said that he would probably not be comfortable to borrow money to help rebuild the system this year because it's tied into our rates, the property tax issue, and he wants to be very cognizant of establishing a precedent here that we would have to follow later when we will be dealing with larger systems. Ms. Gustafson said that Placer County Water Agency might let us use their water rights personnel.

Board members voiced their opinions on how the acquisition could be worked out. Mr. Sexton asked Mr. Harry if the owners got a local bid on the same work what they might save by doing it privately. Mr. Harry estimated that it would be about 30% below our estimate. Mr. Sexton asked if they did it privately, how much time could they save. It could be about the same length of time or possibly even longer.

Director Wilkins asked staff to research in order of magnitude, how much property tax has been used for the water system historically. The Board discussed a 50/50 scenario and how it would work. It was decided to take this item to the Sewer and Water Committee to go over a couple of different scenarios. Ms. Gustafson will contact the fire department to see if they will come up with any money to help with this. They may also talk to the Forest Service to see if they'll participate. This item will come back to the next Board meeting with the understanding that we need to move on it to get construction done this year. Director Treabess said that he would like to see the 50/50 with the thought that when we do future things, it will be done with rates they are contributing to.

Mr. Sexton said that what the Board is talking about doing is setting up an assessment district for the purposes of doing the construction. He said that the length of time that the improvements can be financed is 20 years but no further. Mr. Dykstra said that in the past when this type of acquisition has taken place the whole thing gets rolled up into a purchase agreement with a surcharge that the affected customers pay on top of their normal rate. Director Wilkins asked that visual aides be provided at the Sewer and Water Committee meeting.

Due to a timed item in closed session, the Board adjourned to closed session at 11:30 a.m.

M. CLOSED SESSION

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
GOVERNMENT CODE SECTION 54956.9(a)**

23. TCPUD v. St. Francis Lakeside Homeowners Assn.

J. GENERAL

15. Budget Reductions

Ms. Gustafson reviewed the information regarding the 4% - 10% reduction in the 2008 budget and noted that staff felt it prudent to find potential budget reductions before getting into the busy season. She is recommending 4% but noted that staff was asked to prioritize in stages of 4%, 8%, and 10%. She said that staff pulled together and

exceeded her expectations on this task. She went over the recommendations that were provided at the meeting and staff answered questions of the Board. The Board expressed their appreciation that staff looked at on-going costs as opposed to one-time capital costs. The Board accepted the General Manager's recommendation and asked to have staff look at another 2% in reductions just in case. The Board's direction was to go with the recommended 4% in reductions and have staff be aware of where we could go if there is a need for an additional 2% in cuts if needed. The Board also asked that the item of fees being raised be scheduled for next year in the budget process.

K. DIRECTOR'S FORUM

17. Director's Comments

Director Atchley said that when we have situations that involve detailed legal activities or litigation that involves the Board, she believes there needs to be an Ad Hoc Legal Affairs Committee to do oversight on the process. She would also like some sort of written updates so the Board knows what is going on as it is happening.

Director Henrikson noted that there was no public input during the SB 1159 item and he would like the Board to be more sensitive of it in the future.

Director Treabess said that he agreed with Director Atchley regarding the Ad Hoc Legal Affairs Committee. Director Treabess also thanked staff for the budgeting item. He welcomed the new General Manager to her first meeting.

The Board discussed who should be on the Ad Hoc Legal Affairs Committee besides the President. They will think about it and discuss more later. If there is a need in the meantime, Director Wilkins will attend.

L. MEETING REVIEW AND STAFF DIRECTION

18. Meeting Review

Ms. Gustafson reported the following items for follow-up:

- *Agendize Mr. Bevc's request on May agenda and have staff respond to his claim*
- *Write letter of support to the Board of Supervisors regarding SB 1159 with the Board's caveat*
- *Parks and Recreation Committee will see a full report on cost recovery and then the item will come to the Board as a normal discussion item*
- *Finance Committee meeting is rescheduled to April 4th*
- *Staff will check with TTSA to see if they allow for alternates for meetings*
- *Staff will provide a map for West Lake Tahoe Water Company along with options to the Sewer and Water Meeting on April 10th*
- *A Special Board Meeting is scheduled for 5:00 p.m. on Monday, March 24th related to litigation*
- *A Legal Affairs Committee will be established with Director Atchley and Director Wilkins serving at the current time*
- *Staff will implement the 4% budget cuts while continuing to look for additional savings*

M. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

20. Significant Exposure to Litigation Pursuant to Subdivision (b) of Government Code Section 54956.9: Three potential cases.
21. Government Code Section 54954.5 - Closed Session/Real Property Negotiations. Closed Session for purposes of constituting Negotiation Team on behalf of proposed Improvement District No. 1 for voluntary acquisition of Lake Forest Water Company system and consulting with those persons who may be members of the team.
22. Government Code Section 54956.9, Closed Session: Conference with counsel in regard to existing administrative proceedings before the Public Utility Commission in regard to the Lake Forest Water Company.

**CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
GOVERNMENT CODE SECTION 54956.9 (a)**

23. TCPUD v. St. Francis Lakeside Homeowners Assn.

N. CLOSED SESSION REPORT

Mr. Sexton reported the following out of closed session:

20. *Staff rejected the claim of Ms. Dorothy Carlo and is forwarding it to JPIA for further handling. With respect to the claim by Mr. Bevc, the Board directed staff to prepare a response and agendize for the May meeting.*
21. *No action was taken.*
22. *No further updates and no action taken.*
23. *The Board discussed in detail and has scheduled a further closed session special meeting for Monday afternoon at 5:00 p.m.*

O. ADJOURNMENT

The meeting was adjourned at 1:30 p.m.

Catherine K. Atchley, President

Ginger Charlton, District Clerk