

REGULAR BOARD MEETING
APPROVED MINUTES

April 20, 2007

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

STAFF PRESENT: Bob Lourey, General Manager
Cindy Gustafson, Assistant General Manager
Jim Dykstra, Director of Accounting
Matt Homolka, Engineer
Bob Bolton, Director of Parks and Recreation
Tony Lalotis, Utilities Superintendent
Mike Sexton, Legal Counsel
Jack Beckman, Construction Project Manager
Ginger Charlton, District Clerk

A. CALL TO ORDER – PLEDGE OF ALLEGIANCE

Vice President Atchley called the meeting to order at 8:30 a.m. Director Treabess led the audience in the Pledge.

B. AGENDA AMENDMENTS AND APPROVAL

1. Agenda Deletions, Changes and Audience Requests

Vice President Atchley announced that item #6 will be moved to the General section immediately after item #18.

2. Additions to Agenda

Vice President Atchley announced that the board will be honoring a moment of silence for the Virginia Tech victims.

**Motion to approve the requested change and addition to the agenda:
Treabess/Wilkins/3-0**

3. Approval of Agenda

Motion to approve the agenda as changed: Wilkins/Treabess/3-0

D. PUBLIC FORUM

None.

E. FINANCIAL

All items covered under consent calendar.

F. PROJECTS

All items covered under consent calendar.

G. WATER AND SEWER UTILITIES

5. Professional Services Agreement with Gilmore Engineering, Inc. for Preparation of a Preliminary Design Report for the McKinney/Quail Surface Water Treatment Plant

Mr. Homolka went over the agreement and recommended approval.

Motion to approve: Wilkins/Treabess/3-0

C. GENERAL

4. Memorandum of Understanding with North Tahoe Fire Protection District

Mr. Lourey explained that the District has been in negotiations with the fire department for many years regarding a new fire station. He went over the changes in plans that have occurred and stated that this MOU formalizes the desire to work together to try to find a solution and if possible to accommodate them on the District's site. Mr. McIntyre explained the site selection process for the station and thanked the board for working with them. Mr. Lourey noted that Mr. Sexton has reviewed the MOU and made some minor corrections. He then recommended approval. Director Treabess asked if the PUD's long-range needs (expansion, parking) are going to be met if this MOU is approved. Mr. Lourey said that the District's needs have been looked at in concert with the needs of the fire department. Mr. Sexton noted that the MOU is fine now and other matters can be added to it after the CEQA process has started.

**Motion to approve with corrections made by legal counsel:
Treabess/Wilkins/3-0**

H. PARKS AND RECREATION

All items covered under consent calendar.

I. CONSENT CALENDAR

Director Treabess asked to pull item 9-f.

**Motion to approve remaining consent calendar items:
Treabess/Wilkins/3-0**

7. Minutes
 - March 16, 2007
 - March 20, 2007
 - March 23, 2007
 - March 30, 2007
8. Finance Report
9. General Manager and Staff Reports
 - a. General Manager
 - b. Sewer and Water Report
 - c. Public Works Report
 - d. Parks Activity Report
 - e. Recreation Activity Report
 - f. Project Development Report
 - g. Assistant General Manager Report
 - h. District Engineer Report

Director Treabess asked for the Project Committee to get together to go over in more detail all of the projects that will be going on this summer. He also asked about reducing the height of the posts at the Heritage Plaza project. It was decided that staff will set up a committee meeting to discuss the issue.

Motion to approve: Treabess/Wilkins/3-0

10. Professional Services Agreement with Auerbach Engineering Corporation for On-Call Construction Inspection Services
11. Summary Report – Tahoe Wastewater Infrastructure Partnership (TWIP)

Director Atchley led everyone in a moment of silence for the massacre victims at Virginia Tech.

C. GENERAL

4. Memorandum of Understanding with North Tahoe Fire Protection District

Mr. McIntyre introduced Larry Young of Ward Young Architects. He gave a presentation on the plans for the new fire station and answered questions of the board and audience.

J. GENERAL

12. Presentation on TCPUD's Policies and Practices in Acquisitions and Service to Privates/Mutuals

Mr. Lourey explained the policies and recommended adoption today. Director Wilkins noted that Steve Glazer sent a letter to the board regarding a condemnation proceeding to make sure it deals with fair market value. He said that that goes without saying, is built into the system, and is automatic. Director Treabess said that if a definition is stated for determining whether capacity is available, then when it is determined that capacity is not available for a project, it would be sent back to the board with guidelines on how it could become available. Mr. Lourey responded that the policy was kept vague on purpose so that the board could discuss each situation separately. He also noted that these policies aren't cast in stone and are fluid documents. If they become too cumbersome, the policy on Water System Acquisition can be split into two policies.

Motion to approve the Water System Acquisition and Water Service Provided to Private Water Companies Policies with corrections made by Legal Counsel: Wilkins/Treabess/3-0

13. Ability of TCPUD to Serve Water to the Lake Forest Area

Mr. Lourey reported that staff had the consultant run computer model scenarios with different connection points as well as modifications to one of our existing booster stations. Mr. Lalliotis then gave a rundown on the alternatives and the outcomes of the model runs. He concluded that the third alternative is preferred and has no significant cost to the District. Mr. Lourey reminded the Board that this item is for information only and to let the board know that with some modifications the District can serve that area.

14. Request by Lake Forest Water Customers Re: District Acquisition of Water System

Mr. Lourey reported that he has supplied everyone with a draft position from Mr. Sexton. Mr. Auerbach said that they have been informally asking the owners in the Lake Forest area how they would feel with moving forward with the acquisition of the water company. Roughly 70% of the customers have responded that they would like to proceed. He went over what would be included in the official packet that would go out in about a week. He said that he would like to be sure that the board would hold a public hearing if they achieve two-thirds of the signatures on the petition. Mr. Lourey said that the policy will be followed if they get the two-thirds. The board gave direction for staff to review the petition before it goes out and to review the cost estimates that Mr. Auerbach puts together.

15. Discussion on Current Issues Raised by Customers of Several Private Water Companies

There were no new issues.

16. ACWA Legislative Committee Representation

Mr. Sexton explained the work that he does on the ACWA Legislative Committee. About a dozen of his clients share in the costs for him to review and follow legislation being proposed in the California Assembly and Senate which might have impacts on water agencies. He then provides his clients with regular updates of the activities and issues being studied by the Committee.

Motion to share in the costs associated with Mr. Sexton's participation and receive updates from him: Wilkins/Treabess/3-0

17. General Correspondence

The board discussed the note that Mr. Freeman put on his overdue bill. Mr. Sexton explained the letter included in the packet regarding local contractor preference. There was some interest by board members to further discuss the local contractor issue at a later date.

18. Reports

Mr. Bolton updated the board on programs being held at Rideout. He noted that they are beginning to see some growth and momentum. He reported that Sue Rae Irelan has done a fantastic job of creating community programs at Rideout but she can't continue on. He is currently looking for someone on a part-time basis to take over her job duties. He also reported that the Easter egg hunt was a huge success

Mr. Laliotis gave an update on the meter completion project and answered questions of the board.

Ms. Gustafson presented the board with a packet of public information updates that have been prepared for the Harbor Master Pump Station project, the Marlette water line replacement, and the water meter installation project. She explained what is being done to keep the public updated and answered questions of the board. Staff discussed the rate study that will be done.

Ms. Gustafson also reported that there will be a site visit on the Truckee River Trail with the Prop. 50 crew from Sacramento.

Mr. Lourey reported that he needs to schedule a special board meeting to discuss succession planning since only three members could attend this meeting.

G. WATER AND SEWER UTILITIES

6. Capital Plan Revisions – 2007 and 5 Year

Mr. Lourey said that the five-year capital plan needs to be modified because of the water meters. Staff is recommending that due to the new state law where any property with a meter must be put on consumption-based rates starting January 1, 2010, it is in the District's best interest to attempt to get all of the customers on meters by that date so everyone is on the same rate. He said that the capital plan has been modified to reflect that. He went over the revisions to the five-year capital plan and led a discussion on what should happen with metering condos. There was a discussion on subdivisions being charged metered rates while a neighbor in close proximity is not and whether the divisions should be by neighborhood or subdivision. Director Wilkins asked if the meter installation project is going to be funded out of property tax or is it going to show up in the rate base? Mr. Lourey said that it will be pay-as-you-go out of property tax. Director Treabess encouraged staff to look for neighborhoods that have big water users as a priority due to water conservation and to enable the District to borrow less money. He also asked staff to look at neighborhood boundaries when determining timelines.

**Motion to approve the Revised Five-Year Capital Plan:
Wilkins/Treabess/3-0**

K. DIRECTOR'S FORUM

19. Director's Comments

There were no comments.

L. MEETING REVIEW AND STAFF DIRECTION

20. Meeting Review

Mr. Lourey reported the following items for follow-up:

- Staff will schedule a Parks and Recreation Committee meeting regarding the Heritage Plaza issue.
- Staff will schedule a general Project Committee meeting to review the entire project list.
- Staff will review the Lake Forest petition as it is developed to ensure that the board is in a comfortable place when it comes back to them.
- Staff will get moving on securing someone to do the rate study.
- Staff will schedule a special board meeting on succession planning.

Director Wilkins left the meeting. Vice President Atchley reported that due to a lack of a quorum, the Board would not be entering closed session.

M. GENERAL

21. Pursuant to Government Code Section 54956.9 (c), the Board will Meet in Closed Session with Legal Counsel to Discuss Whether to Initiate Litigation

N. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
GOVERNMENT CODE SECTION 54956.9 (c) One potential case

22. The Board will Meet to Discuss Whether, Based on Existing Facts and Circumstances, to Initiate Litigation

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

23. TCPUD v. St. Francis Lakeside Homeowners Association

O. CLOSED SESSION REPORT

P. ADJOURNMENT

The meeting was adjourned at 12:15 p.m.

Lou Reinkens, President

Ginger Charlton, District Clerk