

SEWER & WATER COMMITTEE MEETING
APPROVED MINUTES

July 23, 2009

DIRECTORS PRESENT: Erik Henrikson, Dan Wilkins

STAFF PRESENT: Cindy Gustafson, General Manager
Tony Laliotis, Director of Utilities
Matt Homolka, District Engineer
Doug Olsen, Utilities Superintendent
Carol Hackbarth, Administrative Secretary

The meeting was called to order at 7:05 a.m. by Director Henrikson.

1. DRAFT AGREEMENT WITH HOMEWOOD VILLAGE RESORTS, LLC FOR THE REHABILITATION AND USE OF MCKINNEY WELL #1

Tony reviewed his memorandum dated July 21, 2009, Draft Agreement for use of McKinney Well #1. It has been a year since we discussed this subject. We have been selling potable water for snowmaking to Homewood Ski Resort for over ten years. This draft agreement provides for them to rehabilitate McKinney Well #1 and use the non-potable water for snowmaking. Homewood Village Resorts, LLC (HVR) is responsible for all costs to rehabilitate the well. There are provisions where the TCPUD will reimburse them a percentage of their costs in the event the well is used for potable purposes. Currently the iron contents are high and varies a great deal. HVR will pay TCPUD \$1.00 per 1000 gallons of water used. This rate is commensurate with rates Alpine Springs County Water District charges Alpine Meadow Ski Resort. Dan and Erik asked about other agencies. Tony will check with some others and report back. Dan clarified the costs in Exhibit 1. It is estimated that HVR will pay \$240k to rehabilitate the well, etc. and if TCPUD uses the well for potable purposes in the future the estimate the TCPUD would reimburse HVR is \$98k. Cindy said we have been selling water to Homewood Resort ever since she has worked for the TCPUD. This agreement is not for the new development. They cannot take our potable water and transport it to the north end in Madden Creek's water service area. This connection allows the resort to get more water (non-potable) and higher pressure than they currently can get from their current potable connection. Tony explained that with this connection it reduces the overall demand requirements on the potable system. Also there is speculation that the proposed use may improve water quality to either potable standards or to levels that are easily treated. Dan would like to see the income from the past ten years on the potable connection. Tony will get more comparable rates for non-potable water sales. Erik and Dan are ok with the draft.

2. DRAFT EASEMENT AGREEMENT BETWEEN TCPUD AND HOMEWOOD VILLAGE RESORTS, LLC

Matt reviewed his memo dated July 21, 2009, Resolution Authorizing Easement Agreement with HVR. There are various older easements from old owners to TCPUD. As we are divesting ourselves from Quail Lake, HVR and TCPUD would like to terminate the existing access easements to the benefit of TCPUD and to formalize a new easement across HVR property for access to the TCPUD Foothill-Chambers property. In addition HVR owns an access and ski easement across TCPUD property. This easement is a very steep road. HVR and TCPUD will both benefit with a new easement on the existing dirt road. The ski easement would be unaffected. HVR will assume responsibility for maintenance and repair of the road, as well as any mandates by any regulatory agency with jurisdiction over the access easement. HVR may terminate its access easement if they choose not to comply with maintenance or any regulatory demands. If the

total cost of repairs exceed \$20,000, HVR and TCPUD will share repair costs proportionally to each party's respective usage of the damaged area within the preceding two years. Matt indicated our use was maybe 1%. Lastly, TCPUD is separately granting an access easement to the USFS along the same dirt road. Matt indicated on a map the easements to terminate and the new easement locations. Matt showed a map with the properties and easements, current and new. Erik would like to have a few fire hydrants along the access road especially since we are giving up the water storage at Quail Lake. Erik and Dan are good with the rest.

3. *DOLLAR HILL 2 CONDOMINIUM WATER LINES – UPDATE DIRECTOR WILKINS*

Erik asked if staff wanted to update Dan on the status of Dollar Hill 2 condominium water lines. Cindy said she updated the Finance Committee the other day. Matt explained as we are digging to install the master meters at Dollar Hill 2 condos we are finding a lot of galvanized service lines that are poor or very poor. The ones we have found so far are not right now eminently going to fail but will soon. We expect to find lines in much worse condition. In addition there is a lot of history of leaks in these condos. The service lines come off TCPUD's 12" main line that loops through the condos. We are putting the meters in as close to the edge of the road. Erik explained that the soil in that area is notorious for corroding galvanized pipes. We decided to replace most of the service lines between the meter and the main with polyethylene. Erik said we want to have new services so that the Homeowner's Association clearly takes liability from the meter on. We have replaced these and now there are no leaks on our side. Any leaks that happen would be on their side and they'd have to take responsibility for the repairs. Matt explained that Dollar Hill 2 condos is one of the condos where the lines of responsibility is unclear. There are Bills of Sales that imply that we own the lines but the numbers don't add up. When they were out looking in the holes the President of Dollar Hill 2 Homeowner's Association and the On-Site Manager were there. They seemed to like this idea of us replacing these lines and to clearly define the lines of ownership. Dan asked if that would follow-up with an agreement to that affect. Matt confirmed yes; that's the plan. Tony explained that this 12" main is a key transmission line in the system and not something we would give up in the future. It makes sense to replace the service lines. Also we are replacing the lines in the pavement. So we won't have repavement charges if we had to repair a line due to a leak. The change order you will see in August will be \$50k to \$60k on a contract of \$75k. Erik said that they are mobilized; they are there putting in the meters. If we do it right now there is a huge cost savings. Cindy said we called Erik to see if we wanted a special board meeting on this. Erik said no. If we have the money to do this now we should do it. Dan wants to make sure we get an agreement with the HOA on ownership of the water lines. He asked if the conversation with the President and On-Site Manager was a serious conversation. Matt said yes, but when it comes to signing it may change. At least then, we can discuss and agree to what level of responsibility they want us to participate in.

4. PUBLIC FORUM

No public comment.

5. ADJOURNMENT

The meeting was adjourned at 7:55 a.m.

Carol Hackbarth, Administrative Secretary