

SPECIAL BOARD MEETING  
APPROVED MINUTES

September 25, 2008

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

STAFF PRESENT: Cindy Gustafson, General Manager  
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 5:00 p.m. Director Treabess then led the audience in the Pledge.*

**B. AGENDA AMENDMENTS AND APPROVAL**

1. Agenda Deletions, Changes and Audience Requests

*None.*

2. Additions to Agenda

*None.*

3. Approval of Agenda

**Motion to approve the agenda: Reinkens/Treabess/5-0**

**C. PUBLIC FORUM**

*Mr. Bolton introduced Amy Norman, the new Parks and Recreation Department Secretary.*

**D. GENERAL**

4. Olympic Committee 50<sup>th</sup> Anniversary

*Rob Westin came to this meeting as a representative for the Committee that is trying to get support for an event honoring the 50<sup>th</sup> anniversary of the Olympics being held in Tahoe. He presented a short video and asked for the District to go on record as a supporting agency without any financial obligation.*

**Motion to approve: Reinkens/Treabess/3-0**

**E. FINANCIAL**

5. Water and Sewer Rate-Setting Workshop (Timed Item)  
Revenue Requirements and Options for Rates

*This item will be addressed at 6:30 p.m.*

**F. PROJECTS**

All items covered under consent calendar.

**G. WATER AND SEWER UTILITIES**

6. Lake Forest Improvement District – Assessment Engineer’s Report

*Director Henrikson excused himself from participating in and voting on this item. Mr. Harry went over what has happened in past meetings on this issue and said that Mr. Auerbach is here to review the Final Draft of this Engineer’s Report. He said that it is staff’s recommendation that the Board approve and confirm the Lake Forest Improvement District’s Engineer’s Report this evening with proposed assessment and assessment diagram. He added that District staff is still continuing to seek outside funding to offset the costs of the overall assessment district. If monies are found, the amount of the assessment being presented this evening could be reduced.*

*Mr. Auerbach explained how the cost of the project to benefiting properties will be spread. He said that fire suppression fire flows benefits is the method that has been chosen to be used because it’s simple and straight forward.*

*Mr. Auerbach went over a list of criticisms of the assessment district made by Mr. Dewante and responded to each of them.*

*Director Treabess reiterated that the Board gave direction to staff to aggressively look for other funding to offset the costs to dwellers of Lake Forest.*

*Director Wilkins said that one of the assumptions is that the District would fund the cost of the system acquisition and then the assessment district would be a revenue stream which would allow us to upgrade the system. Also, regarding the public properties that would be included in the assessment district that may or may not choose to pay the assessment, the District would have to cover that cost. We need to figure out if we do find some extra money, will it go to the District’s side of the ledger to help offset the costs of non-paying properties or will it go to the assessment district’s side of the ledger.*

*Director Wilkins asked what would happen to a property owner that chose not to replace their service lateral. Mr. Sexton said that if they didn’t connect, we would connect for them and then charge them. Director Wilkins also asked if there is an ability to revise the report if the Lake Forest residents want changes. Mr. Sexton said that the report can be revised up until the time that you call for the election. Prop. 218 requires that, for purposes of assessment, the Engineer’s Report has to identify the total cost of the project, the property benefit per parcel, and the cost per parcel of the proposed assessment. If any public funding is received, it will require an addendum to the Engineer’s Report.*

*The Board took public comment and questions from audience members and Mr. Dewante and responded to them.*

*Mr. Sexton said that before this meeting began he received a copy of an order from the PUC setting a Public Participation Hearing on this matter October 10<sup>th</sup> from 1:00 – 4:00 and 6:00 – 9:00 in this room. He said that the Judge wants to hear from community members and comments can help them with their ruling.*

**Motion to approve acceptance of the Engineer's Report: Reinkens/Wilkins/4-0**  
(Director Henrikson did not vote)

## **H. PARKS AND RECREATION**

### 7. Burton Creek Operating Agreement

*Bob Bolton reported that this agreement is up for renewal. He said TCPUD is responsible for the operation, control, and maintenance of existing trails and roads within the Burton Creek State Park in this agreement. He wants to look into this with our legal counsel for clarification because we don't usually take care of them during the summer months. The Cross Country Ski contract is up for renewal in March of 2009 and he wants to be sure that they both do the same thing. He will bring it back for approval in a month or so.*

*Director Reinkens said that there is great risk of exposure on this agreement and he is concerned. He said that this agreement also has a monthly reporting requirement in it and we have never done that before so we are in violation. Ms. Gustafson said that the State needs to take over on this because we are only responsible for winter time use and we don't want to sign it until it is correct. Director Reinkens said that ACWA/JPIA should review this agreement, also.*

The Board took a five minute break.

## **E. FINANCIAL**

### 5. Water and Sewer Rate-Setting Workshop (Timed Item) Revenue Requirements and Options for Rates

*Ms. Gustafson welcomed the audience and noted that this is the 11<sup>th</sup> public workshop on the rate study since it began. She reviewed the reasons that the District is conducting a rate study. First, the conversion to metered billing; second, the lack of funding for our capital needs; third, is extremely high water use and the wells are beginning to decline; fourth, we are at the end of the useful life of many of our facilities; fifth, we are planning for the future and want to do planned improvements instead of waiting for the system to collapse. She gave a brief history of what was covered at past meetings and what will happen at upcoming meetings on this topic. Ms. Gustafson introduced Shawn Koorn, Project Manager for HDR. He said that the goal of this meeting is to get direction from the Board on how to move forward with the revenue requirement analysis, a projection of a five year period to determine the impact of rates. He said that his recommendation for adequate capital infrastructure replacement for the District is \$1.4 million for water and \$1.8 million for sewer. He went over his presentation and answered questions of the Board and audience.*

**Motion to go with the recommended transition plan for sewer for five years but take a hard look at it in three years: Treabess/Reinkens/4-1** (with Director Henrikson voting no)

*The Board continued discussion and agreed that they would like to see a couple of alternate scenarios at the next meeting that reach the same goals and would like to take a look at a modified approach.*

**Motion to go with the recommended transition plan for water; have staff come up with two alternate scenarios for five years that achieve the 97.4% of this scenario, and a modified approach for review for a vote in October: Reinkens/Wilkins/4-1** (with Director Henrikson voting no)

#### **H. CONSENT CALENDAR - MOTIONS**

*Director Reinkens asked to pull item #9, and Ms. Gustafson asked to pull item #11.*

**Motion to approve remaining items: Henrikson/Wilkins/5-0**

8. Minutes

- August 14, 2008 – Finance Committee
- August 21, 2008 – Sewer and Water Committee
- August 26, 2008 – Parks and Recreation Committee
- August 26, 2008 – Special Board Meeting
- August 26, 2008 – Board Workshop
- August 27, 2008 – Special Board Meeting
- September 16, 2008 – Personnel Committee Meeting

9. Finance Report

*Director Atchley said that at the last Finance Committee meeting, they started putting the process for the Audit Committee into place. The next step is for them to meet with the auditors and Bob McClintock. Staff will try to set this meeting up for October 23<sup>rd</sup> before the Board Meeting.*

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

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

11. Uniform Plumbing Code: Sewer – TCPUD and TTSA

*Mr. Harry said that at the last Sewer and Water Committee there was a discussion on the way that TTSA and TCPUD calculate sewer connection fees. TCPUD calculates the fees based on the most current Plumbing Code, whereas TTSA utilizes the 1977 Plumbing Code. The use of the two different codes creates confusion with our customers. Also, since we collect connection fees for TTSA, we get complaints from customers about the fees. Staff wondered if we should request TTSA to change the way in which they calculate fees. The Committee recommended that we not make any changes but staff wanted to bring it to the Board's attention.*

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

12. Final Pay Estimate and Release of Retention for the 2008 Water Meter Completion Project – Tahoe City South
13. Final Pay Estimate and Release of Retention for the 2008 Water Meter Completion Project – McKinney/Quail
14. Final Pay Estimate and Release of Retention for the 2008 Water Meter Completion Project – Tahoe Hills/Rubicon
15. Silvertip Waterline Replacement Project – Pay Estimate No. 1
16. Blackwood Creek Pump Station Flood Protection Project – Pay Estimate No. 1

**J. RESOLUTIONS/ORDINANCES**

17. Authorizing Acceptance and Conveyance from and to Tahoe Yacht Harbor, LLC of Easements and Quitclaims Associated with the Harbor Master Sewer Pump Station Project

**Motion to approve Resolution #08-22: Henrikson/Wilkins/5-0 by roll call vote**

18. Authorizing Acceptance and Conveyance from and to Lake House Mall Property Management, Inc. of Easements and Quitclaims Associated with the Harbor Master Sewer Pump Station Project

**Motion to approve Resolution #08-23: Henrikson/Treabess/5-0 by roll call vote**

19. Declaring Certain Items of Personal Property and Equipment Surplus and Authorizing Disposition by Sale

*Director Henrikson asked if we could just give these items away instead of doing a sale that needs to be advertized. It was noted that we can't dispose of property purchased with public funds. If no one purchases it, then we can dispose of it. Mr. Sexton said that he would like staff to dispose of items that could be dangerous. Director Wilkins suggested using EBay or public auction sites. He will get more information for the Board.*

**Motion to approve Resolution #08-24: Henrikson/Treabess/5-0 by roll call vote**

**K. GENERAL**

20. Reports

*Mr. Bolton reported that he went to the TRPA Board Meeting yesterday. They created a Code that any launch facility at Lake Tahoe that doesn't have an inspector for mussels present must be closed beginning November 1<sup>st</sup>. Since we have no way to close our boat ramp, we need to install gates. Operating hours will also need to be set. Ms. Gustafson said that we can potentially begin charging a launch fee if we need to help fund any of the new requirements.*

*Mr. Bolton reported that at yesterday's Parks and Recreation Committee meeting, he gave an update on the North Tahoe Arts contract. His goal is to have a new contract in place by January 1<sup>st</sup>. Within the contract they will either have to pay the rate or offset it with specific items.*

*Mr. Bolton reported that the Pumpkin Patch will take place October 18<sup>th</sup> at Rideout from 10:00 a.m. – 2:00 p.m.*

*Mr. Harry updated the Board on Thompson/Rubicon. Mr. Homolka sent a letter to Peter Thompson stating what had been agreed upon for them to do to repair the damage they did to our sewer line and adding that they were to begin work by last Monday. Staff discovered that they were attempting to patch up the sewer line rather than do what they had agreed to. A stop-work order was issued and staff attempted to communicate with Mr. Thompson and his attorney. Mr. Harry e-mailed them and said that if we didn't hear from them today, staff would begin work on the reconstruction of the sewer line as agreed to on Monday and they would have to pay for it. Mr. Thompson's foreman called and said that all materials would be on-site today. They still haven't done what is needed regarding insurance so staff is skeptical. Mr. Sexton instructed staff to send another e-mail to Mr. Thompson and his attorney prohibiting them from beginning work until all requirements have been met.*

*Ms. Gustafson will meet with the Placer County Parks Commission tomorrow to do a presentation. There is \$250,000 in park mitigation fees for our area. Squaw Valley Public Service District is trying to get the money but Placer County staff had told us that they were going to reserve the funds for Homewood Bike Trail.*

21. Board Follow-up

*Ms. Gustafson went over the chart and explained what staff has done on the various items.*

22. General Correspondence

*There was no discussion.*

**L. DIRECTOR'S FORUM**

23. Director's Comments

*Director Reinkens complimented staff on the work that was done on the analysis. Director Treabess agreed.*

**M. MEETING REVIEW AND STAFF DIRECTION**

24. Meeting Review

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

- *Staff will send a letter of support for the Olympic Celebration with no financial commitment but support of their efforts.*
- *Staff will ask the JPIA and the Nordic Center to go over the Burton Creek agreement with a fine tooth comb.*
- *Staff will look at the GASB-34 proclamation, the alternative way/modified approach.*
- *Staff will run the options that the Board suggested.*
- *Staff will put information about the quagga mussel in the newsletter and on the web page.*

**N. CLOSED SESSION**

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
SUBDIVISION (a) OF SECTION 54956.9**

25. 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
26. Significant Exposure to Litigation Pursuant to Subdivision (b) of Government Code Section 54956.9: Two potential cases

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

27. District Negotiators: Alan Harry, Jim Dykstra, Tony Laliotis, Harold Morgan, and Dennis Viglione
- Negotiating Party: Rick Dewante

**PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT/PERFORMANCE  
EVALUATION/COMPENSATION – GOVERNMENT CODE SECTION 54957**

28. General Manager

**O. CLOSED SESSION REPORT**

*Mr. Sexton reported out of closed session that on item #25 he updated the Board on the PUC proceedings and announced that the administrative law judge had set a public hearing for October 10<sup>th</sup>. On item #26, the Board denied the claim of Ms. Bushmire and referred it to the insurance carrier. On respect to the other case that the Board was briefed on, no action was taken. Item #27 an update was given and no action was taken. Item #28 no action was taken.*

**P. ADJOURNMENT**

*The meeting was adjourned at 10:45 p.m.*

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Catherine K. Atchley, President

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Ginger Charlton, District Clerk

Prepared by Ginger Charlton