

REGULAR BOARD MEETING
APPROVED MINUTES

September 27, 2007

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

STAFF PRESENT: Bob Lourey, General Manager
Cindy Gustafson, Assistant General Manager
Jim Dykstra, Director of Accounting
Matt Homolka, Engineer
Tony Laliotis, Utilities Superintendent
Bill Back, Director of Public Works
Jack Beckman, Construction Project Manager
Paul Minasian, Legal Counsel
Ginger Charlton, District Clerk

A. CALL TO ORDER – PLEDGE OF ALLEGIANCE

President Reinkens called the meeting to order at 5:05 p.m. Director Atchley led the audience in the Pledge.

B. AGENDA AMENDMENTS AND APPROVAL

1. Agenda Deletions, Changes and Audience Requests

There were no requests.

2. Additions to Agenda

There were no additions.

3. Approval of Agenda

Motion to approve the agenda: Atchley/Treabess/4-0 (Director Henrikson had not yet arrived).

C. EMPLOYEE RECOGNITION

4. Kevin Ferrell – 25 Year Service Recognition

Mr. Ferrell will be recognized at the October 19th meeting.

E. PUBLIC FORUM

There was no public comment.

F. FINANCIAL

All items covered under consent calendar.

G. PROJECTS

All items covered under consent calendar.

H. WATER AND SEWER UTILITIES

6. Timberland Water Company Potential Sale

Mr. Lourey reported that John Ballard contacted him because he is interested in selling Timberland Water Company. He said that this issue is currently being handled according to the District's policy. The Sewer and Water Committee met on the issue and recommended that the board approve entering into our standard option agreement. Mr. Lourey agreed with the recommendation and added that he felt we should begin the process of hiring an appraiser and splitting the cost of the appraisal (approximately \$4 - \$5 thousand dollars) with Mr. Ballard. (Director Henrikson arrived.) Mr. Lourey said that he isn't sure if our policy is outlined the way it should be since this system has a lot of steel pipe in it. He wondered if in this case we should get some kind of an indication from the customers that they realize that there could be distribution system upgrades that they could have to pay for. He noted that Mr. Ballard addressed the homeowners association first and asked them if they wanted to purchase the system and run it as a mutual.

Mr. Ballard reported that the homeowners contacted him last night and said that they may be interested. Mr. Lourey said that with this new information the District should hold off on the option agreement for two reasons. The first is that we don't know what the homeowners want to do and, secondly, we don't want to get into a situation where the District spends money on an appraisal just to have the owner sell it to another individual. Mr. Ballard said that he is fine with paying for the appraisal himself. Mr. Lourey said that if it ends up later that the district goes through with the option agreement, Mr. Ballard would be reimbursed for half of the appraisal cost. He also offered to be available to Mr. Ballard and the appraiser in case they want him to help with the process.

Mr. Minasian noted that public districts don't want to get into a position where they look like they are working against people that are constituents. He said that usually you don't want to buy water companies unless more than 50% of the people in the area will vote for an assessment charge for work that needs to be done. Ms. Gustafson said that perhaps we should send the homeowners a copy of our policy with the steps that have taken place along with a letter from the

district telling them that we are not competing with them. It would explain that we are interested, but we won't continue to pursue taking over the system until their option is exhausted.

D. GENERAL

5. Placer County Community Enhancement Program – Jennifer Merchant

Ms. Gustafson introduced Jennifer Merchant, a Program Analyst with the Placer County CEO office for Tahoe. She gave a power-point presentation on the Placer County Community Enhancement Program and answered questions of the board. Mr. Minasian went over non-disclosure statements and explained that there is a very low probability of risk of damage from having disclosed something that was said at meetings but the big problem is attorney fees. He said that if non-disclosure statements become prevalent, we can agendaize it and make policy.

I. PARKS AND RECREATION

All items covered under consent calendar.

J. CONSENT CALENDAR

Various board members asked to pull items 9-c, 9-d, 9-e, 9-f, 9-g, and 9-h.

Motion to approve the remaining consent calendar: Atchley/Wilkins/5-0

7. Minutes – September 4, 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

Regarding item 9-c, Public Works Report, Director Reinkens asked what the California Department of Health Services working with DOHS to clarify water/sewer separation issues is all about. Mr. Lourey responded that that has to do with sewer lines to properties that want to put a water line in the same trench and want clarification on the separation.

Motion to approve: Atchley/Reinkens/5-0

Regarding item 9-d, Director Reinkens asked if the cost of TCPUD staff maintaining Rideout Field this season has been factored in to our cost of operating that facility. Also, has it been negotiated with the school district? Ms. Gustafson replied yes. Director Reinkens also asked about our staff continuing to maintain the Rideout community buildings. Mr. Bolton knows the specifics of this item and will report back at the October meeting.

Motion to approve: Atchley/Reinkens/5-0

Regarding item 9-e, Director Treabess said that he thought the format for the Recreation Report was very interesting by showing what we are doing relating to the mission of Parks and Recreation.

Motion to approve: Atchley/Reinkens/5-0

Regarding item 9-f, Director Treabess asked if the secondary service line replacements are necessary because we're putting in the meters or is it something that should have been done when we took over the system in the 90's. Mr. Lourey responded that there were some concerns about the condition of the system when we took it over. We did some significant potholing of mains and service lines but, as it turns out, the ones that we potholed weren't representative of some of the ones that are being seen out there. Also, the deterioration has accelerated on the galvanized pipe material.

Director Reinkens asked about the McKinney Water Source Study. He wanted to know how we are going to justify a permanent treatment facility for the few customers who are down there. Mr. Lourey said that we don't have many alternatives. If we take from the lake, we have to treat and we have exhausted all of our opportunities for further groundwater development due to high iron. If Homewood Mountain Resort does come into play, we would have an opportunity to have them pay for a portion of this project or a larger project if needed. Director Reinkens said that he has been receiving e-mails about water service and requested that the board be kept up-to-date with what is going on.

Motion to approve: Reinkens/Atchley/5-0

Regarding item 9-g, Director Reinkens asked about the Rotary Club and Heritage Plaza. Ms. Gustafson said that they are still working on the historical interpretation but that she hasn't been able to attend many of their meetings lately.

Motion to approve: Atchley/Wilkins/5-0

Regarding item 9-h, Director Treabess asked if we are applying for Prop. 50 funds for some of the water source study items. Mr. Lalotis has applied for some Prop. 50 funds and we will apply for more next summer. Director Treabess

said that he wants to be sure that staff is challenging everything that needs to be challenged and looking for every funding source available.

Motion to approve: Atchley/Reinkens/5-0

10. Harbor Master Pump Station
 - a. Change Order #3
 - b. Pay Estimate #5
11. Dollar/Highlands Water Meter Project
Pay Estimate #4 – Release of Retention

K. RESOLUTIONS/ORDINANCES

12. Resolution Authorizing Conveyance – Urbanek Residence
APN 016-251-051

Mr. Homolka explained this reconstruction in progress and why a new sewer easement is needed. He requested that the board adopt the resolution quitclaiming the existing easement. Concurrently with the recording of the quitclaim, staff will record a new sewer easement along the correct alignment.

Motion to approve Resolution #07-16: Wilkins/Atchley/5-0 by roll call vote

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

Mr. Laliotis explained the resolution and requested approval.

Motion to approve Resolution #07-17: Wilkins/Henrikson/5-0 by roll call vote

L. GENERAL

14. District Goals and Priorities for 2008

Mr. Lourey reported that with all the issues that staff and the board are dealing with, he felt that it would be a good idea to go over the priorities so that everyone is on the same page. The board discussed the defensible fire space issue and some forms of possible funding.

Director Reinkens said that the Safety Committee met and had some issues that need tracking. He felt that should be included on this list.

Director Treabess suggested identifying which goals are internal and meant for staff and which ones need board involvement. Mr. Lourey agreed and will work on it. Director Treabess said that he would like to talk as a board at some point at what their role is to strengthen the situation instead of just watching it roll along.

Director Treabess also said that under Water and Sewer Capital Projects, he encourages looking with realism at what we can really do and, based on that, what we need to crank up immediately based on rates and funding.

Director Reinkens asked for an updated timeline for the rate study. Mr. Dykstra said that he will keep the board up-to-date on changes in the schedule.

Director Wilkins asked if the consultants would be presenting more pertinent information at the next workshop or would we need another meeting after that one. Mr. Lourey said that he has met with Jim and Cindy several times during the last couple of days on some of the key issues (block structure, how many tiers, how phasing will work, interim rates, and the tax allocation issue). Based on what they heard from the board, they are coming up with scenarios that they are going to give to the consultants to run. They will bring back information that will be more meaningful and direct than what was presented at the last workshop.

Director Reinkens said that he would like a strategic planning session added to the projects list for 2008. Director Treabess agreed and said that Bruce Kranz just said at a public meeting that we need to have a supply system that takes care of the west shore and that can take care of people's needs as well as fire protection needs. He felt that Placer County should be involved in the funding of such.

Director Wilkins suggested that the board hold an off-site retreat to discuss important topics such as transition and how it will affect every aspect of the district.

**Motion to approve with recommended additions: Wilkins/Henrikson/
5-0**

15. General Correspondence

Director Treabess said that the turf looks good at Commons Beach.

16. 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 reported that the Plumas Bank Bridge financing is in place.

Mr. Laliotis reported that at 9:00 a.m. tomorrow in the Chamberlands division they will be attempting to perform a pipe extraction. He invited board members to come watch if interested.

Ms. Gustafson passed out some legislation that she received yesterday from the special session that is going on about water funding. She was contacted by Assemblyman Gaines office to send them a letter letting them know what our interests are on water. She noted that three measures are being discussed but she is being specifically asked for comments on Senator Cogdill's bill. She wanted to be sure that the board was ok with her saying that we support projects that we can get funded through this bill. She believes that we would be able to get some funding for meters as well as maybe some line replacements from the descriptions outlined. Director Henrikson asked if there were any down sides in this legislation. She replied that bonding this size of funding for water is a big down side. She said that she would write that we are not taking a position on the legislation but that as far as we can read these are the types of projects we need and we think they are covered by these items. She said that she would also like to add that we could use assistance to provide adequate water for wildfire.

Ms. Gustafson reported that she received a call from Candice Risolet from Placer County Redevelopment. She asked if we would expand their parking in our lower yard by another ten spaces while they build the Tahoe City Marina project. Ms. Gustafson will find out if it's for public parking and then will agendize the item.

Director Atchley said that she and Director Treabess sat down with two members of the school board recently to try and further the process to get a lease at Rideout. She felt it was a good meeting but has since received an e-mail from John Britto that lectured TCPUD on our need to communicate. He attached a letter that he had received from the West Shore Cafe representatives in July and apologized for misplacing it. She said that the letter alters what had been discussed at the meeting. She asked Director Treabess to read the letter and see if he believes that it is as short-sited as she thinks it is. If so, she would like to forward it to the school district's two representative board members. The Parks and Recreation Committee members will report back to the board as things evolve.

Mr. Lourey updated the board on the water service agreement for Lake Forest Water Company. Mr. Dewante has requested a temporary interruptible larger connection. Mr. Lourey and Mr. Sexton made some final adjustments to the agreement. After meeting with Mr. Dewante and the Department of Health Services, some changes were made that were acceptable to them. He received the signed agreement back from Mr. Dewante this week with a cover letter stating that he signed the agreement with the understanding that Paragraph 12 would be dropped if the PUC agrees that section 1503 would not be invoked by them. After discussing the letter with Mr. Sexton, it was decided that the best course of action for the district was for Mr. Lourey to send Mr. Dewante an e-

mail stating that he wasn't correct and that although a small section of the agreement wouldn't be covered by Section 1503, the rest of the agreement would. Mr. Dewante replied that he didn't like the broader language and he isn't liable for negligent or unlawful acts but the language would suggest he is. Mr. Lourey e-mailed him saying that he presumed by his e-mail that he is withdrawing his signature and we have no agreement. He hasn't received a response yet.

Mr. Minasian said that there is going to be an issue spotting meeting next Tuesday with the PUC. He said that when we go into this meeting we will say that Mr. Dewante is unwilling to indemnify us from claims arising from water quality, lack of pressure, or fire flow. Therefore, until we determine what the future holds, we do not have an agreement. He said that we will do the best we can to not appear to be predators of a PUC company. Wally Auerbach and Ed O'Neill will represent the landowners and our position would be to connect on an emergency basis and help the homeowners without agreeing to any liability.

Mr. Lourey reported that Director Wilkins sat in with Ms. Gustafson and himself in an interview process with Mr. Lalotis to serve as Director of Utilities. He said that they have a lot of confidence in Tony and are looking forward to working with him in his new capacity.

M. DIRECTOR'S FORUM

17. Director's Comments

Director Henrikson asked about the permit for the concerts. Ms. Gustafson said that Patrick Dobbs sent a letter extending the permit through this year so that we could continue to collect data. Director Henrikson asked for a copy of the letter. He was under the impression that the Downtown Association was in charge of the concerts. He believes that the district is overstepping its bounds by going into the concert business and taking up parking. He requested a map of the 135 parking spaces. It was decided that this would be brought back as an agenda item.

N. MEETING REVIEW AND STAFF DIRECTION

18. Meeting Review

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

- *Staff will work on a letter to Timberland property owners regarding the water company situation.*
- *The status of Rideout will be agendaized.*
- *Within the priorities list for next year, staff will look at an item for risk management regarding tracking.*
- *Staff will identify and mark staff-level priorities and which priorities need board involvement.*

- *Staff will have a strategic planning session item for 2008.*
- *Staff will work on scheduling a retreat for the full board with Ms. Gustafson and Mr. Lourey.*
- *Staff will agendize the county request for parking.*
- *Staff will agendize the Commons Beach parking issue.*

The board agreed that there is too much for one agenda in October and would like to move the main meeting to Tuesday, October 16th at 5:00 p.m. The regular meeting on Friday, October 19th, will basically be just for the hearing for proposed Improvement District No. 1 and the rate study workshop. Staff will verify that the new date will work and inform the board.

O. CLOSED SESSION

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

19. TCPUD v. St. Francis Lakeside Homeowners Association

P. CLOSED SESSION REPORT

Mr. Minasian reported that the board received a report and gave instruction to the attorney and staff in regard to the conduct of litigation. No further action was taken.

Q. ADJOURNMENT

The meeting was adjourned at 8:10 p.m.

Lou Reinkens, President

Ginger Charlton, District Clerk