

SPECIAL BOARD MEETING  
APPROVED MINUTES

November 9, 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  
Bill Back, Director of Public Works  
Tony Laliotis, Director of Utilities  
Bob Bolton, Director of Parks & Recreation  
Mike Sexton, Legal Counsel  
Ginger Charlton, District Clerk

**A. CALL TO ORDER – PLEDGE OF ALLEGIANCE**

*President Reinkens called the meeting to order at 8:00 a.m. Mr. Homolka led the audience in the Pledge.*

**B. PUBLIC FORUM**

*Mr. Bolton introduced Roger Adamson and explained why he was selected as the new Parks Superintendent.*

**C. FINANCE**

1. Presentation and Discussion on the 2008 Budget for the Tahoe City Public Utility District

*Mr. Dykstra began the presentation and explained the process. Director Treabess questioned if the board felt that the Mission Statement is still relevant. It was decided to look at the statement during the strategic planning session.*

*Staff members went over the parts of the presentation that dealt with their department and answered questions of the board. Ms. Gustafson asked that the minutes note that the district is capitalizing personnel costs in utilities for this year and 2008 for the people working on the meters. Next year these costs may come back under labor costs.*

*Mr. Dykstra completed his review of the budget and moved on to the rate study.*

## **D. WATER AND SEWER RATE STUDY ISSUES**

### **2. Timing of Residential Water Consumption Billing Start and Billing Frequency**

*Mr. Dykstra reviewed the five year capital plan and pointed out that we have increasing amounts of capital, especially in the water area. Mr. Lourey said that this revised plan accomplishes residential water meter installations at all of our water customers' properties by the end of 2008. This will let us start recognizing some of the revenue potential for consumption to help start funding some of the water capital needs and revenue requirements. Staff frontloaded the five year plan for residential water meter installation to get that accomplished and moved out some of the other projects.*

*Mr. Laliotis went over the water meter implementation schedule and answered questions of the board. Director Henrikson stated his desire to have staff talk to the condo managers so that they can start working through the process now so there are no surprises later. Mr. Lourey agreed and said that he feels we should start calling them in one-by-one and talk through the process with them.*

*Ms. Gustafson pointed out that the schedule shows the consumption billing start date as October 1, 2008. After further consideration, staff believes that we should wait for the full rate increase and start January 1, 2009 to avoid confusion. When discussing having all metered homeowners begin consumption billing on January 1<sup>st</sup>, the board found that it was necessary to continue consumption billing of Tahoe Forest Track based on the fact that the District purchased water from Squaw to serve them.*

*Joanne Russell, a member of the audience, voiced her concern that there is no consistency on when the meters are being read so customers can't figure out their monthly consumption. Mr. Laliotis said that they did have a very erratic reading schedule in the past, but that it has been set for the fifth of the month and readings have been very consistent for the past few months.*

### **Motion to begin consumption billing for homes with water meters on January 1, 2009, except Tahoe Forest Tract: Treabess/Henrikson/5-0**

*Ms. Gustafson went over the process that would need to be used for a rate increase. The board then held a discussion on the percentage of rate increase needed. Ms. Gustafson said that the board needs to at least give a range of the increase so that it can be publicized and public comment received. Director Treabess said that he believes that we should do a 17% increase based on the fact that \$173,000 of property tax would be taken out of O&M. That would equate to a 12.5% increase in 2009.*

*Mr. Sexton said that the legal reason that the board might want to consider increasing the rates by 17% is that Mr. Dykstra has just given a complete report*

*that shows a \$177,000 shortfall in water operations. It is discretionary for the board to continue to use tax revenues to continue funding the shortfall and this would be an excellent opportunity to make a finding saying we need this increase to make water operations self supporting. He said that the district admits that it has been a little remiss in the past in keeping parity with the costs and feels that it is necessary to do so.*

*The board gave direction to build the budget on 17%. Ms. Gustafson said that staff will show a range that the board will be considering of between 7% - 17%. Director Atchley requested that a handout be available that translates to actual dollars. A comparison chart will be done in the same way.*

*Ms. Russell asked the board to consider a slightly higher base of water usage in the summertime to allow homeowners with landscaping to maintain it to some degree. She said that they have encouraged homeowners in the Highlands to landscape and now they won't have any incentive to keep their property up. Ms. Gustafson said that the board will begin working on the options for the ERU in late spring and they will consider her suggestion then.*

*Director Reinkens asked what number should be used for sewer. Mr. Dykstra said that he has 4% built in now. The board agreed that he should go with the 4% for now.*

## **E. ADJOURNMENT**

*The meeting was adjourned at 11:50 a.m.*

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Lou Reinkens, President

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Ginger Charlton, District Clerk