

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #809
January 26, 2016**

A. Call to Order, Roll Call and Pledge of Allegiance. President Dale Cox called the meeting to order at 8:35 A.M.

Directors Present: Directors: Dale Cox, Carl Gustafson, Bill Hudson, Eric Poulsen and John Wilcox.

Directors Absent: none

Staff Present: Mike Geary, General Manager; Kathy Obayashi-Bartsch, Secretary to the Board; Pete Bansen, Fire Chief; Jesse McGraw, Operations Manager; Brandon Burks, Operations Specialist III; Danielle Grindle, Finance & Administration Manager; Julie Dickman, Account Clerk II/Human Resource Specialist and Thomas Archer, District Counsel.

Others Present: Jon Borden, Dave & Sally Brew, Sean Culkin, Kendall Galka, Dave Hunt, Fred Ilfeld, Jean Lange, Katie Lazzari, Andrea Parisi, Steven Poncelet, Perri Runyon, Dave Stepner, Mark Wasley, Mike Willett and Vince Sosnkowski.

President Cox asked Derrik Williams to lead the Pledge of Allegiance.

B. Community Informational Items.

B-1 Friends of Squaw Creek – none

B-2 Friends of Squaw Valley – none

B-3 Squaw Valley Design Review Committee (SVDRC) – Dave Stepner said the group will be reviewing the Resort @ Squaw Creek condominium project at the next meeting.

B-4 Squaw Valley Municipal Advisory Council (SVMAC) – Dave Stepner said the council will be reviewing the Resort @ Squaw Creek condominium project at the next meeting.

B-5 Squaw Valley Mutual Water Company (SVMWC) – Dave Stepner said the group is working on a meter based fee structure and a capital improvement project list.

B-6 Squaw Valley Ski Holdings – no report

B-7 Squaw Valley Property Owners Association – Sally Brew announced the new President is Mike Willett and she will serve as Vice-President. Mike Willett said a goal of the association is to reach out to more of the property owners in the valley.

B-8 Tahoe-Truckee Sanitation Agency – Dale Cox said there was no meeting this month.

C. Public Comment/Presentation.

Public Comment –

Charles Luckhardt of the Squaw Valley Chapel addressed the Board about their sewer charge which is currently based on metered water use. Mr. Luckhardt said District staff suggested that the Chapel install an irrigation meter but the savings are not significant enough especially considering the plumbing installation work needed for the irrigation meter. President Cox asked staff to continue their efforts to work with the Chapel's representatives to resolve this issue. Mr. Geary said this item will also be discussed at a Water & Sewer Committee meeting and any recommendation will be brought back to the full Board for action.

Item F-11 was taken out of order.

Vince Sosnkowski, representing the Palisades project commented on item F-11, Maximum Water Supply Analyses – Professional Services Agreement with HydroMetrics WRI. He committed to funding a Reliability & Capacity Study at approximately \$6,000 but was informed that the Maximum Water Supply Analyses is needed to complete that work; it is estimated to cost \$22,000. He expressed concern that he is being asked to fund studies that are not specific to his project but provide benefit to the entire District. He offered \$30,000 to be used for any necessary studies.

F-11 Maximum Water Supply Analyses – Professional Services Agreement with HydroMetrics WRI.

The Board reviewed the item, accepted public comment, approved proposal for Maximum Water Supply Analyses and authorized General Manager to execute an agreement with HydroMetrics WRI., conditioned with full reimbursement by the Palisades Project developer and further discussion as to a potential District contribution.

Mr. Geary reviewed the item.

Mr. Archer said this is a study that will support the Palisades Project to determine that there is adequate supply from existing wells. The project has no water supply of its own to dedicate to the District. Any study completed does not guarantee a commitment to serve this project.

Director Poulsen said this study used to be done annually but has not been done in recent years and is not in our current budget and it is not currently a top priority.

President Cox suggested that the developer, staff and Counsel work together to formulate a plan to address this issue. The Board members concurred.

Public Comment –

Dave Stepner said whether the item is in the District's budget and timing of the project are irrelevant. The question is whether the study is typically performed by the District.

Mr. Geary said the study was last completed in 2007.

Mr. Archer said the study is needed for the project to move forward with Placer County.

Directors Hudson /Wilson made a motion approving the proposal for Maximum Water Supply Analyses and authorizing the General Manager to execute an agreement with HydroMetrics WRI., conditioned with reimbursement by the Palisades Project developer and further discussion as to a potential District contribution; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

C-1 Recognition of Service – Hans Walde – 10 years

The Board presented Hans Walde with a certificate recognizing his ten years of service to the District and thanked him for his exemplary work. Chief Bansen accepted the certificate on his behalf.

D. Financial Consent Agenda Items.

Directors Poulsen and Hudson met with staff on January 25th from approximately 3:30 –6:00 P.M. to review items D-1 through D-13 as well as other finance related items on this agenda.

Director Poulsen said most of the meeting was spent reviewing the audit. After reviewing the regular monthly reports, all items appear to be in order with the exception of a few Fire Department items. These items will be resolved when the revenue from the Strike Team work is received. He commended Ms. Grindle for her efforts and progress in understanding the District's finances.

Director Hudson concurred with Director Poulsen's comments.

Mr. Geary said the Bike Trail pledge form was reviewed which states that the District will keep any funds not used in the current pledge year for future program use. Director Poulsen reviewed the current form and indicated that it satisfied his concerns from last month's discussion about the Bike Trail Project Reserve Fund Policy. Mr. Geary said in the future, the form will specify that excess funds will be deposited into the Bike Trail Financial Reserves approved by the Board last month.

Directors Wilcox and Poulsen said the Bike Trail should be funded entirely by Transient Occupancy Tax (TOT) funds and by Placer County Parks operating funds.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Wilcox/Hudson as submitted; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

E. Approve Minutes.

E-1 Minutes for the Board of Directors special meeting of December 15, 2015

A motion to approve the minutes for the Board of Directors meeting of December 15, 2015 as presented was made by Directors Hudson/Wilcox; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes
Poulsen-yes
Wilcox-yes

F. Old & New Business.

F-1 Audit Report for Fiscal Year 2014-15.

The Board reviewed the item, accepted public comment and accepted the report.

Mr. Geary introduced Ms. Galka who provided a review of the report.

Ms. Galka said the firm prepared the audit report and provided a summary report to the Board of Directors summarizing the June 15, 2015 Financial Statements and Audit Report. She said they did not identify any deficiencies of internal control considered to be material weaknesses.

Ms. Galka said she and Mr. McClintock discussed the impact of a new accounting pronouncement; Governmental Accounting Standards Board (GASB) Statement 68 with the Finance Committee. The most important impact of Statement 68 is that the employers are required to report the net pension liability in their accrual based financial statements. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2015. In the past, the pension liability was disclosed in the report notes but not in the numbers presented in the report.

The total current assets exceeded total liabilities by \$257,000. This is a decrease of FY2014 current assets exceeding total liabilities by \$2,629,000, due to the adoption of GASB 68, or the recording of Net Pension Liability. Other significant changes that occurred in the year included recognizing revenues and expenses on a monthly basis, whereas before these were normally booked at year end.

The second significant change was the adoption of GASB 68, which required employers providing governmental pension plans to provide additional reporting requirements of the net pension liability on its financial statements. Due to the adoption of GASB 68, Net Pension liability was recorded at \$3,099,000 (\$1,700,000 for Fire and \$1,399,000 for Utility). Total net position decreased by \$3,174,000 this year, primarily due to recording of the net pension liability.

Ms. Galka said Gibson & Company prepared the District's year end closing journal entries and account reconciliations. She recommends the District request from Gibson & Company a complete tie out of financial statements and related disclosures to the supporting work papers maintained by them.

Director Poulsen said he is concerned about unfunded liabilities.

Director Wilcox said he is proud that the District has clean audits each year.

Mr. Geary said there will be more impacts based on upcoming accounting pronouncements,

including GASB 73, 74 and 75; all related to pension and post-employment benefits.

Public Comment –

Dave Stepner asked how the unfunded pension liability impacts the District. Ms. Galka said this is a rolling long-term liability based on CalPERS actuarial calculations taking into account a number of factors such as the number of employees, age of employees, wages/benefits, different CalPERS retirement classifications and projections on investment returns.

F-2 Village at Squaw Valley Project Update.

Director Poulsen left the meeting room due to a conflict of interest from an ownership interest. He listened to the discussion through a one way audio feed.

The Board reviewed the information, discussed the project and accepted public comment.

Mr. Geary said staff, District Counsel and consultants are in the process of negotiating a Development Agreement with Squaw Valley Real Estate (SVRE) for the proposed project. Current work includes updating the District's standard Development Agreement and customizing it for the Village at Squaw Valley project. The Ad Hoc Committee met yesterday and reviewed the progress made so far.

Staff is also finalizing business points for negotiation with SVRE representatives. Development triggers for required infrastructure and facility improvements are being identified. The six separate analyses of project impacts and proposed mitigations completed by the District in 2014 and 2015 are being used in conjunction with development triggers proposed by SVRE in its Master Phasing Plan for these purposes.

Water

Staff and consultants are preparing exhibits to the Agreement and defining and refining proposals to perform analyses necessary for incorporation into the Agreement as well as agreements and reports that are intended to stand beside and in support of the Agreement.

Staff and consultants completed two scopes of work for the Olympic Valley Groundwater Management Plan that may indirectly support the Development Agreement for the Village at Squaw Valley Specific Plan (VSVSP) as well as other development projects; specifically the Quinquennial Review and Report (QRR) and the Water Management Action Plan (WMAP). The proposal to prepare the QRR is on this meeting's agenda. Staff plans to present the WMAP scope of work for the Board's consideration and approval after input from the OVGMP Advisory Committee meeting.

Staff and HydroMetrics prepared a third scope of work related to the VSVSP project and its EIR; a Pumping Management Plan (PMP) for the wellfield in the western portion of the aquifer, the location of the District's four main (vertical) wells. The PMP is for the benefit of, and use by, the District's water system operators. The PMP will ultimately outline different pumping options for different hydrologic conditions. The guidelines will be developed with the goal of sustainably using groundwater for water supply purposes, while maximizing aquifer storage and minimizing impacts to surrounding wells and those to Squaw Creek.

While the District continues to be committed to sustainable groundwater management, the value of preparing a PMP for the future well field as proposed in the VSVSP, without the knowledge of the exact locations and capacities of the new and replacement wells, does not justify the expense to prepare a PMP; estimated to cost between \$42,410 and \$74,460. A PMP prepared later when well locations and capacities are known, and potentially after the proposed restoration to Squaw Creek and the Olympic Channel have been completed, will be a more useful and applicable plan as it will be prepared with the benefit of using actual hydrologic conditions and pumping data, not estimations.

A PMP for the existing well field is unnecessary due to the District's water system operators' knowledge and experience managing groundwater pumping from the aquifer.

Furthermore, the Creek / Aquifer Interaction Study completed in November, 2014, shows that current pumping from the aquifer does not have a significant impact on surface flows in Squaw Creek. A PMP was originally proposed as a component of Phase II of the Creek / Aquifer Interaction Study but was not completed for the same reasons outlined here.

The Development Agreement between SVRE and the District will also include provisions for the developer to provide funding to prepare PMPs and subsequent updates as the well field configuration changes over time and there becomes a greater likelihood that we need to more carefully manage our pumping over a greater number of wells and when there may be a chance of impacting flows in Squaw Creek.

The PMPs to be prepared will consider the two wells owned and operated by the Squaw Valley Mutual Water Company as well as consider the need to blend District water supply sources to meet water quality standards for manganese.

Director Gustafson said he disagrees with the statement that current pumping from the aquifer does not have a significant impact on surface flows in Squaw Creek despite the fact that the *Creek / Aquifer Interaction Study* concluded otherwise.

Fire / EMS

In support of the Final Environmental Impact Report (EIR) for the VSVSP, Chief Bansen provided additional information to SVRE and Placer County on the Fire Department's emergency response, communications and evacuation plans.

Sewer

There is no new information to report since last month's Board Meeting

Public Comment –

Jean Lange said Placer County representatives indicated the Final EIR will not be released until end of April.

Break 10:05-10:10

Item F-8 was taken out of order.

F-8 License Agreement and Removal of Easement Encroachments – Borden and O’Reilly.

The Board reviewed the item, accepted public comment regarding the removal of easement encroachments and the construction of a fence on APN: 096-271-014-000, located at 440 Indian Trail Road, Olympic Valley, CA.

Mr. Geary reviewed the item. He said there are exhibit items needed from the property owner, so no action is being requested at this time.

Public Comment –

Jon Borden said he is trying to get a sense of the Board’s support in approving his request before incurring additional costs for exhibits and legal services.

Mr. Archer commented on granting variances to the District’s easement policy and past practice.

Director Wilcox said there are times when exceptions should be made and if this works for all parties, he supports this request. Director Gustafson concurred.

President Cox said he disagrees with making an exception to easement policies and is concerned about setting precedence for approving variances.

Director Poulsen said he understands the concern with setting precedence but there are special considerations to be considered with this specific property. He supports moving forward with finalizing this request.

Mr. McGraw said based on the proposed fence alignment and design, he believes there will not be significant issues for the District.

Dave Brew said he does not support encroachments on easements or fences. He suggested landscaping with shrubs as an alternative to provide screening from the road.

Dave Stepner said the project was reviewed and approved by the Squaw Valley Design Review Committee as typically fences are not allowed along Squaw Valley Road.

F-3 Annual Review of Purpose, Mission and Core Values Statements.

The Board reviewed the item, accepted public comment and determined no changes are needed to the statements.

Ms. Obayashi-Bartsch reviewed the item.

Public Comment – none

Directors Hudson/Wilcox made a motion to approve the statements as presented; vote was unanimous.

Cox-yes
Gustafson-yes
Hudson- yes
Poulsen-yes
Wilcox-yes

F-4 Revised Summary of Monthly Salary Schedule.

The Board reviewed the item, accepted public comment and approved the revised salary schedule.

Mr. Geary reviewed the item.

Public Comment – none

Directors Hudson/Wilcox made a motion to approve the schedule as presented; vote was unanimous.

Cox-yes
Gustafson-yes
Hudson- yes
Poulsen-yes
Wilcox-yes

F-5 Financial Reserves Policy.

The Board reviewed the item, accepted public comment and adopted the financial reserves policy.

Ms. Grindle reviewed the item.

Director Hudson said the Finance Committee reviewed the policy and supports adoption. Staff plans to revise the policy in the future after the rate study work is complete and the policy will be more specific to the District.

Public Comment – none

Directors Hudson/Wilcox made a motion to approve the policy as presented; vote was unanimous.

Cox-yes
Gustafson-yes
Hudson- yes
Poulsen-yes
Wilcox-yes

F-6 Redundant Water Supply / Preferred Alternative Evaluation – Phase III.

The Board reviewed the item, accepted public comment and approved the project description.

Mr. Geary provided a review of the project. Mr. Hunt reviewed the Phase III, Technical Memo

#3 - Project Description.

Mr. Geary said the Water and Sewer Committee met in December and discussed how the rest of the project will be funded. There are three possible ways to fund the project:

1. Grant funding.
2. An assessment on water customers.
3. Debt financing.

At that meeting, Director Wilcox said he'd like to see the project completed but doesn't feel the District should front the cost of it. Director Poulsen concurred. They agreed that the District should not go forward with the project without grant funding or forging funding partners with utility companies or other groups, such as real estate developers.

Since the discussion in December, Mr. Geary found that the possibility of seeking grant funding through the state has a very slim chance and undermines the grant request for the intertie with the Squaw Valley Mutual Water Company. The grant also requires matching funds and the District does not have the matching funds for the Redundant Supply project. If the grant is awarded for the intertie, Squaw Valley Mutual Water Company will be requested to provide a portion of the matching funds.

Mr. Geary said there was also discussion about public outreach and how to accurately inform the public about this project rather than letting this project be perceived as development inducing.

President Cox discussed the properties along the river that may benefit from this project and the possibility of forming partnerships with these land owners.

Director Poulsen discussed potential partners such as Alpine Springs Water Company.

Director Gustafson expressed concern that if Squaw Valley's water is augmented by water from Martis Valley watershed and the entire area is impacted by drought. He does not support taking water from one watershed to augment another watershed.

Public Comment –

Dave Brew asked the Board not to approve the project scope of work as proposed. He believes there is a need for redundant water on a short-term basis and could use high manganese water sources in the valley with treatment. Having a redundant water supply as proposed seems unnecessary.

Dave Stepner said as to the concern that the project is growth inducing, the thought is that if there is a continuous supply of water, it could be growth inducing for the entire valley's development not just development tied to resort developments. He does not understand how water may be offered to additional customers or properties along the river if the supply is available only as short-term supply or for emergency use only. Mr. Geary said the initial thinking, at this early planning level stage, is that the inter-tie is for emergency use. The flow

necessary in the pipe to keep the water from being stagnant could be achieved by providing a minimal level of supply to those properties.

Nikki Riley of Mountain Area Preservation asked if the proposed transmission of water is 25-30 million. Dave Hunt said with the preferred alternative, that figure is a bit lower.

Mr. Geary said if additional supplies or treatment of sufficient supply is identified and is less-costly, the District may choose not to pursue this project.

Director Wilcox commented on the potential benefit of such having such a project with regard to bringing in utilities such as fiber optic and natural gas.

Director Gustafson said he does not support taking water from one watershed to augment another watershed.

Directors Wilcox/Poulsen made a motion to approve the project description as described in the attached *Technical Memo III - Project Description (Preferred Alternative)* dated December 11, 2015 as the preferred project alternative to provide a redundant water supply from Martis Valley; motion carried four to one.

Cox-yes

Gustafson-no

Hudson- yes

Poulsen-yes

Wilcox-yes

F-7 Memorandum of Understanding (MOU) – 2015 Assistance to Firefighters Grant Program Participation and Allocation of Assets.

The Board reviewed the item, accepted public comment and authorized the Fire Chief to sign the MOU.

Chief Bansen reviewed the item.

Public Comment – none

Directors Poulsen/Hudson made a motion to authorize Chief Bansen to sign the MOU; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

F-9 Olympic Valley Groundwater Management Plan (OVGMP) – Quinquennial Review & Report (QRR) – Professional Services Agreement with HydroMetrics WRI.

The Board reviewed the item, accepted public comment, approved the proposal to prepare the OVGMP Quinquennial Review & Report and authorized the General Manager to execute an agreement with HydroMetrics, WRI. and to seek financial support from other pumpers.

Mr. Geary reviewed the item. He is seeking contributions from the other pumpers to fund this report and plans to conduct an OVGMP Advisory Committee meeting to discuss this item.

Mr. Williams reviewed the history of the reports and the project proposal. By completing this review and report, the District will be demonstrating proof of good groundwater management to the Department of Water Resources. A required element in the report which was not previously required, is a recharge map of the basin.

Director Gustafson asked if Lahontan Regional Control Board requires this plan. Mr. Geary said the State Water Resources Board directed the Lahontan Regional Board to support the evaluation of impacts of groundwater aquifer pumping on flows in Squaw Creek, which resulted in the Olympic Valley Creek / Aquifer Interaction Study. In 2007, the State Water Resources Board recommended development of a Groundwater Management Plan and having such a plan has become a requirement for state grant funding.

Public Comment –

Dave Brew said the stream gauge data shows less than 15% of the water flows out of the creek and the rest of it is stored in the aquifer or pumped out of the aquifer. Most of the water that is contained in the snow on the valley floor and sides makes its way through fractured bedrock and into the Truckee River and does primarily flow in Squaw Creek.

Directors Wilcox/Poulsen made a motion to approve the OVGMP Quinquennial Review & Report proposal, authorized the General Manager to execute the agreement with HydroMetrics WRI, and to seek financial support from other pumpers; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

F-10 PlumpJack Well Impact Analysis – Professional Services Agreement with HydroMetrics WRI.

The Board reviewed the item, accepted public comment, approved proposal for PlumpJack Well Impact Analysis and authorized General Manager to execute an agreement with HydroMetrics, WRI conditioned upon the developer funding the study in its entirety.

Mr. Geary reviewed the item.

Mr. Williams reviewed the project proposal.

Public Comment –

Jean Lange asked if PlumpJack is paying for this project. Mr. Geary said this is being discussed with the developer and that the analysis will not be performed unless the developer commits to reimbursing the District for the costs.

Directors Hudson/Wilcox made a motion approving the proposal for PlumpJack Well Impact Analysis and authorizing the General Manager to execute an agreement with HydroMetrics WRI, conditioned on the developer funding the study in its entirety; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

G. Status Reports.

G-1 Fire Department Operations/Capital Projects Report.

Chief Bansen reviewed the report and Fire operations.

Public Comment – none

G-2 Water & Sewer Operations Report.

Mr. McGraw and Mr. Burks reviewed the report.

Mr. Burks said the District's water production levels are back to those from 1989, which is a result of a combination of water conservation and leak detection and repair. Using the state criteria of measuring water use from June to November, water use is 26.9% less in 2015 from 2013.

Mr. McGraw said the District received a grant for a toilet retrofit program and staff are working on implementing this program.

Public Comment –

Dave Brew commented on item F-11 Maximum Water Supply Analyses – Professional Services Agreement with HydroMetrics, WRI which was discussed earlier in the meeting. Mr. Brew said he predicts that Mr. Williams will come up with a different number for historical use than what is in the Water Supply Assessment (WSA). Mr. Geary said the WSA did not estimate the maximum water supply availability from current wells. Mr. Williams said the groundwater model relied on the historical amount of water pumped from the aquifer, not the location of the water demand; so the same approach used to prepare the WSA will be used for this work.

G-3 Administration Report.

Ms. Obayashi-Bartsch reviewed the report. Ms. Obayashi-Bartsch said the California Rural Water Association reimbursed the District \$500 for travel costs associated with the General Manager's participation in the upcoming National Water Rally and Great American Water Taste Test.

Public Comment – none

G-4 Manager's Comments.

Mr. Geary reviewed the report.

Public Comment – none

G-5 Legal Report (verbal).

Mr. Archer had no comments.

Public Comment – none

G-6 Director's Comments.

President Cox expressed concern with potential concessions to project developers. Mr. Archer said the District will negotiate all terms and conditions in a development agreement.

Directors Wilcox/Hudson made a motion to adjourn to closed session; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

H. Closed Session.

I. Possible Action Resulting from Closed Session.

The Board approved two variances to sections in Personnel Policies and Procedures as part of the District Engineer employment offer.

Directors Hudson/Wilcox made a motion to approve a variance to section 3.03.B of the District's Personnel Policies and Procedures and authorize the starting salary to be Step Four, at \$10,635.24 per month during the orientation period of 12 months; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

Directors Hudson/Poulsen made a motion to approve a variance to section 6.15.A of the District's Personnel Policies and Procedures to receive vacation credit at a rate of thirteen and a third (13.33) hours per month, not to exceed 160 hours per year; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Poulsen-yes

Wilcox-yes

J. Adjourn.

Directors Wilcox/Gustafson made a motion to adjourn at 1:00 p.m.; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

By, K. Obayashi-Bartsch

FINAL