

**SQUAW VALLEY PUBLIC SERVICE DISTRICT  
BOARD OF DIRECTORS MEETING MINUTES #846  
November 27, 2018**

**A. Call to Order, Roll Call and Pledge of Allegiance.** President Dale Cox called the meeting to order at 8:30 A.M.

**Directors Present:** Directors: Dale Cox, Carl Gustafson, Bill Hudson, Fred Ilfeld and Eric Poulsen

**Directors Absent:** None

**Staff Present:** Mike Geary, General Manager; Jessica Asher, Secretary to the Board; Allen Riley, Fire Chief; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager and Thomas Archer, District Counsel

**Others Present:** Sally Brew, Chris DeDeo, Kendall Galka, Jeff Geigle, Ed Heneveld, Bruce Hutchinson, Jean Lange, Bob McClintock, Sal Monforte, Kathryn Obayashi-Bartsch, Travis Smith, David Stepner, Hans Walde and Mike Wright.

President Cox asked Jessica Asher to lead the Pledge of Allegiance.

**B. Community Informational Items.**

- B-1** Friends of Squaw Creek (FOSC) – Ed Heneveld, Chairman of FOSC, provided an update. FOSC completed Phase 1 of the Squaw Creek Restoration project under budget, including cleaning culverts, creating sedimentation basins, and diverting water to the north central meadow. The design for Phase 2 creek improvements is underway with Balance Hydrologics, and a public meeting is expected to be scheduled in the spring.
- B-2** Friends of Squaw Valley (FOSV) – Ed Heneveld provided an update. FOSV is interested in determining if there is interest within the community for amenities such as a recreation center and a new location for the Creekside School, which may require land acquisition. They are starting a process of interviewing stakeholders within the valley and then will work to determine funding opportunities.
- B-3** Olympic Valley Design Review Committee (OVDRC) – David Stepner provided an update. OVDRC rejected the design of the proposed gate at Squaw Valley Resort due to aesthetics and concerns about gate operations. The feedback was rejected by the resort and as such, the OVDRC may file a complaint against the resort. Mr. Stepner suggested adding the Capital Projects Advisory (CAP) committee to the list of committee updates.
- B-4** Olympic Valley Municipal Advisory Council (OVMAC) – David Stepner provided an update. Squaw Valley Ski Resort is assessing feedback from OVMAC to increase capacity for the Red Dog Lift; however, there are concerns about noise and cost, particularly given the proximity to Red Wolf Lodge. The next agenda includes discussion regarding the name of the lift.

- B-5** Squaw Valley Mutual Water Company (SVMWC) – David Stepner provided an update on SVMWC’s operations. SVMWC is continuing progress on their application to the United States Department of Agriculture (USDA) for capital improvements including an intertie between the Squaw Valley Public Service District (District) and SVMWC systems; the design of which is complete but awaiting funding.
- B-6** Squaw Valley Property Owners Association – Sally Brew provided an update. The Association had a successful Halloween party at the Stables and had a progressive dinner. Michael Sheehan is going to become president of the Association; the Board is still being finalized.
- B-7** Mountain Housing Council of Tahoe Truckee – Fred Ilfeld explained that this item will be discussed under item F-2 on the agenda.
- B-8** Tahoe-Truckee Sanitation Agency (T-TSA) – Director Cox provided an update. TTSA is meeting all waste discharge requirements. The pipe replacement on State Route (SR) 89 went very well and was completed in mid-October, ahead of schedule and under budget. There is some lingering friction between some TTSA employees which has prompted revision of both the employee handbook and the TTSA rules and regulations. The TTSA Board may change because Dan Wilkins and Lane Lewis did not get re-elected to their positions at Tahoe City Public Utility District and North Tahoe Public Utility District, respectively.

**C. Public Comment/Presentation.**

C-1 Recognition of Service – 10 years – Jeff Geigle, Engineer/Paramedic

The Board thanked Jeff Geigle for his excellent service in the community and the District.

David Stepner provided updated on the SR 89/Fanny Bridge Community Revitalization Project in Tahoe City. The project encountered several delays and will be under construction next summer.

Danielle Grindle and David Stepner provided an update on the Capital Projects Advisory (CAP) Committee. The CAP Committee awarded \$175,000 in Transient Occupancy Tax (TOT) funds to resurface the parking lot and for snow removal services during the 2018-19 winter at Squaw Valley Park. Snow removal will be performed by a local contractor. Placer County did not approve funding for playground improvements; which may occur next year. Placer County plans to begin data collection for three-laning (e.g., “bus-on-shoulder”) Highway 89 between Truckee and Squaw Valley during the 2018-2019 winter season so that a pilot program can be conducted during the 2019-20 winter season. The design of the bike path from Squaw Valley to Truckee is underway. Changes to project criteria is expected which may impact the types of projects submitted for funding.

Director Ilfeld asked if John Wilcox, representing Special Districts on the Committee, should attend District Board Meetings to provide updates on the CAP Committee. Mr. Geary stated that he will talk to Mr. Wilcox about attending District meetings as well as preparing and transmitting a report to other Special Districts he represents.

Danielle Grindle, representing the County, plans to attend the CAP meeting at 4:30 p.m. on Thursday, November 22, 2018.

Ed Heneveld noted that he spoke with Andy Fisher about possibly moving the playground to the south of its current location with funding from general funds.

Ed Heneveld requested that item G-5, the General Manager's report, be discussed earlier in the meeting if possible as Mr. Heneveld wanted to be involved in discussion but needed to leave the meeting early. Director Poulsen noted that he has a conflict of interest due to a financial interest with an item in the General Manager's report, specifically the discussion regarding acquisition of the Poulsen Compound.

The Board determined that the General Manager's Report would be taken out of order and follow Item F-1 on the agenda.

Ed Heneveld noted that the Squaw Valley Ski Resort's main parking lot is now for carpool and paid parking. Mr. Heneveld also noted that Alterra hired paramedics to augment ski patrol at the ski resort for the first time this year.

**D. Financial Consent Agenda Items.**

Directors Poulsen and Ilfeld met with staff on November 26, 2018 to review items D-1 through D-9, as well as other finance related items on this agenda.

Director Poulsen noted that the Finance Committee meeting primarily focused on review of the 2017-2018 Fiscal Year Audit. He noted that the audit was completed earlier than in prior years and that the financial items were well within desired percentages.

Mr. Geary explained that Exhibit D-1 included in the Board Packet contains an error. A corrected hard copy version was provided to Board Members at the meeting and the correct version was uploaded to the District's website.

Public Comment – none

A motion to approve the financial consent agenda was made by Director Ilfeld, and seconded by Director Poulsen. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**E. Approve Minutes.**

**E-1 Minutes for the Board of Directors meeting of October 30, 2018.**

Public Comment – none

A motion to approve the minutes for the Board of Directors meeting of October 30, 2018 was made by Directors Hudson and seconded by Director Gustafson. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**F. Old & New Business.**

**F-1 Audit Report for Fiscal Year 2017-2018.**

The Board received the report from McClintock Accountancy Corporation, reviewed the item, and accepted public comment.

Directors Poulsen and Ilfeld met with staff and McClintock Accountancy Corporation on November 26, 2018 to review the fiscal year 2017-2018 Audit Report.

McClintock Accountancy Corporation performed a third-party audit of the financial statements prepared by the District for fiscal year (FY) 2017-18. The audit assures the annual financial statements of the District are reported without any material misstatement and are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The Financial Statements and Management Discussion and Analysis were reviewed; specifically, financial highlights of material activities throughout the fiscal year, management's explanations of material movement in various account categories, and the future financial outlook.

Bob McClintock stated that they had an unmodified and clean opinion on the financial reports which is the highest opinion possible.

Notably, this is the first year of Government Accounting Standards Board (GASB) Statement 75 implementation which requires government agencies to quantify other post-employment benefits (OPEB). While this benefit and consequent liability is not new, this is the first year it is required to be quantified in the financial reports.

This is the second year the District completed the financial reporting independently and in-house, precluding the need to enlist consultant support from Gibson & Company.

Director Hudson asked about the increased pension liability. Staff explained how CalPERS calculates this information and that while the liability increased, the District remains able to fulfill pension obligations without reducing levels of service or staffing.

Director Poulsen discussed the OPEB reporting requirement.

Ms. Grindle summarized the financial statements, stating that the District ended the fiscal year with an increase in its net position and was able to continue to provide services and invest in capital projects.

Kendall Galka and Bob McClintock of McClintock Accountancy were commended for their performance and efforts on the audit report.

Public Comment – none

**G-5 General Manager's Report.**

Per public comment request this item was taken out of order.

Mr. Geary reviewed the items in the report not related to Parks and Recreation or the Poulsen Compound.

Director Poulsen left the room due to a financial conflict of interest related to acquisition of the Poulsen Compound.

The Parks and Recreation Committee is in the early stages of exploring the feasibility of acquiring the Poulsen Compound. The Poulsen compound is currently for sale, so there is some urgency in determining if the property can be purchased for community benefit.

Director Ilfeld said that the first step is to analyze the financial feasibility of acquiring the property and the second step is to determine if that aligns with the community's desires.

Public Comment:

Jean Lange asked if residences could be built at the current "Stables" property. Mr. Geary stated that it is not zoned for residential development.

Ed Heneveld stated that FOSV is supportive of the District's Board of Directors assessing the opportunities for such a community asset. He also mentioned potential funding opportunities such as park fees generated from the proposed Village at Squaw Valley Specific Plan, TOT funds and property tax assessments.

David Stepner noted that the Creekside School is looking for a new location and requested that the Parks and Recreation Committee attempt to consolidate the many dreams for land within the Valley and coordinate how it can all work together. Mr. Stepner also noted that the SVMAC Parks Committee would be happy to work with the District.

Director Hudson asked staff to determine if the District is eligible for Area 2 dedication fees and Mr. Geary confirmed staff will look into this.

Director Poulsen returned to the room.

**F-2 Mountain Housing Council Connection Fees - Policy Recommendations.**

The Board reviewed the item, accepted public comment and outlined next steps. Director Ilfeld is going to summarize recommendations from the conversation for review by Mr. Geary and Mr. Archer prior to submittal to the Mountain Housing Council of Tahoe Truckee (MHC).

Mike Geary, General Manager, introduced the action item. MHC developed policy recommendations to incentivize development of achievable local housing projects. Director Ilfeld represented the District in the work group which looked at how Development Impact Fees (e.g. Connection Fees) contribute to high building costs and create a barrier to building achievable local housing in the region. On November 1, 2018, the MHC released their final recommendations in the reviewed report titled, *“Lowering Barriers for Private Investment: How Fee Incentives Can Help Achievable Housing Projects.”*

Director Ilfeld stated that the timing of these recommendations was unfortunate as the District recently completed a substantial effort to restructure the utility fee schedule.

Director Hudson asked if there had been discussion with the MHC about how efforts vary within the area and noted that Squaw Valley does not have a lot of space for development of affordable housing. Director Ilfeld responded that MHC has not really looked at how recommendations vary per area but the recommendations are relevant as there may be a lot of development in the Valley.

Director Hudson expressed concerns about making second home condominium development more affordable, which is not the goal of the MHC. Mr. Geary noted that the District needs to be careful to structure fees to ensure that developers building high-end condominiums do not take advantage of lower fees intended to incentivize development of achievable housing projects.

Mr. Geary noted that connection fees are not impeding construction relative to the cost of construction and labor in Olympic Valley. Director Ilfeld said that was correct, however, fees are relevant, and it is important to analyze the effect of putting MHC recommendations into effect within the Valley.

Mr. Geary reviewed the three recommendations for Connection Fees for the Board’s review and consideration.

***Recommendation #1:*** Consider charging impact fees based on a scalable methodology, such as square footage, per fixture, per bedroom, to encourage the building of smaller, more affordable units and Accessory Dwelling Units (ADUs/granny units).

The District's Water and Sewer Connection Fee schedules are scalable for homes larger than an average-sized Single-Family Residence (SFR). A newly constructed Accessory Dwelling Unit (ADU) pays 60% of the Water Connection Fee charged to a SFR; fee reductions that were not required by State law. A new ADU in an existing space pays no Connection Fees, per California State law. Some fees have been reduced for multi-family residential projects.

The District recently invested approximately \$50,000 to perform a *Rate Study and Cost of Service Analysis* study which restructured and set rates through FY 2021-22 to fund projected operating expenses and capital replacement projects. With a preference to extract the value from this study, it is recommended that restructuring of Connection Fees be deferred until after the five-year period evaluated in the Rate Study.

Mr. Geary noted that contractors in the region complain about the differences in construction standards and fee structures between the special districts in the region. Mr. Geary suggested that the next time that the District performs a cost of service analysis; it may be beneficial to work with other special districts to create more uniformity amongst districts.

Director Cox noted that it appears that MHC has focused primarily on how to incentivize new development of achievable local housing and it is important to consider how to incentivize homeowners to rent ADUs and homes for long-term rentals rather than short-term rentals.

David Stepner said that regulations on affordable housing should indicate the maximum selling price or rent. He said one solution to the short-term rental and affordable housing concern is to limit the areas short term rentals could be located as well as creating minimum lengths of stay to prohibit short-term rentals.

Director Poulsen thanked Director Ifeld for the work with MHC. He agreed with previous sentiment that the District recently made significant investment to restructure fees and does not want to limit the value of that study. Director Poulsen noted that because the Squaw Valley community has many second homes, it is especially prone to short-term rentals as it allows home owners to use their house but also generate income from the property. Director Poulsen also noted that connection fees are important, as the property owner is buying into the existing system for storage, conveyance, and water production. If connection fees were reduced, fees would need to be increased elsewhere to cover the capital and operating costs of the systems.

Director Gustafson reflected that the area is no longer affordable.

Director Hudson suggested that Mr. Geary finish his presentation.

Mr. Geary noted that if an achievable housing project were proposed in the District's service area, the District could provide fee reductions and other incentives in its development agreement for the project.

*Recommendation #2: Consider offering impact and capacity fee deferrals until Certificate of Occupancy to help reduce finance and borrowing costs for developers.*

The current policy of the District is to collect Connection Fees at the time of application for service, which reserves the capacity within the water and sewer systems for the proposed project.

The Board could consider deferral of fees if the property owner was ensured that capacities were available when it came time to pay Connection Fees. Current law and the potential for available capacity being tied up with unfinished projects could complicate this effort.

Director Poulsen noted that the fee is required to reserve capacity in both the water and sewer systems, which are provided on a first-come, first-served basis; this could be a complicated issue to get around.

Tom Archer has significant concerns regarding deferrals and that they defy State law and our own ordinances. While the developer may save money, the burden will be passed along to the potential purchaser. There are also concerns regarding the District's responsibility and ability to collect payment for buying into the system.

*Recommendation #3: Update your agency's Accessory Dwelling Unit (ADU) policy as soon as possible to leverage State-level incentives and look for additional ways to encourage more ADU building in our region.*

Staff Comments: As noted above, District Codes have been updated to reflect current State law regarding ADUs. Connection Fees are no longer assessed when an existing space is converted into an ADU. As discussed in Recommendation #1, the Board recently approved reductions in Water Connection Fees for newly-constructed ADUs; fee reductions that were not required by State law.

### **F-3 Bike Trail Snow Removal Contract.**

The Board reviewed the item, accepted public comment and authorized staff to execute the services contract between Placer County and the Squaw Valley Public Service District for use of the County's TOT maintenance funds for the Bike Trail Snow Removal Program provided no property tax or rate revenue is used for the program.

Mr. Geary reviewed the item. Snow removal and maintenance services are performed by the District on 2.3 miles of bike trail in the Valley, as needed, between November 15, 2018 and April 30, 2019. The program complies with provisions of a Placer County Encroachment Permit issued by the County's Department of Facilities Services. Allocations of TOT Funds are now being administered by Placer County and are overseen by the Department of Public Works, Parks and Recreation Department, with contracts being reviewed by the procurement division.

A draft version of the contract, which is not expected to change substantively, was reviewed. The contract defines the scope of work, indicates that snow removal services will be provided during the period between November 15, 2018 and April 30, 2019, and indicates a fixed fee amount of \$46,000 to be paid by Placer County to the District in equal increments over the term services are provided.

The actual cost to the District will depend largely on the amount and timing of the snowfall, as many expenses are not fixed costs. In previous years, the contract has been a time and materials (T&M) contract. A fixed-fee contract is not preferable as the District holds more risk than with a T&M contract; however, staff still feels it is important to retain this contract.

Director Ilfeld expressed concern about creating a precedent that the District will accept a fixed fee contract rather than a T&M contract which carries less risk. Mr. Geary responded that the District does not have the ability to negotiate for a T&M contract because private contractors will accept a fixed-fee contract.

Director Poulsen stated that the snow removal of the bike trail has been a great program for the valley but because the bike trail is owned by Placer County, they should be responsible for funding this service. Placer County provides winter Parks and Recreation services in other areas, so snow removal should be funded from the General Fund and not TOT.

Director Poulsen also noted that he felt it is important that the District does not go over budget. The District could see if businesses in the Valley want to contribute to the program if it goes over the fixed-fee budget.

Public Comment:

Jean Lange asked how much of the snowblower loan is remaining, and how much it could be sold for.

Ms. Grindle responded that there is approximately \$25,000 remaining on the loan payment. Mr. Geary said the equipment could be sold for approximately \$40,000.

A motion was made by Director Hudson and seconded by Director Ilfeld to authorize staff to execute the services contract between Placer County and the Squaw Valley Public Service District for use of the County's TOT maintenance funds for the Bike Trail Snow Removal Program provided no property tax or rate revenue is used for the program. The motion passed and the vote was unanimous.

Cox-yes  
Gustafson-yes  
Hudson-yes  
Ilfeld-yes  
Poulsen-yes

## **G. Status Reports.**

### **G-1 Fire Department Operations Report.**

Chief Riley reviewed the report.

Fire Department staff were present for a Halloween event at the Stables property as there was a concern about safety.

The Brush 21 truck and crew were out of the valley to help fight the Camp Fire in Paradise, California for 11 days. Strike Team revenue is projected to be similar to last year.

This will be the first year of on-mountain emergency medical services (EMS) at the Squaw Valley Ski Resort. Chief Riley does not believe it will affect the Fire Department's operations very much.

Chief Riley encouraged the Board of Directors not to consider selling the 1810 property until another property is available as it is important that there is a fire station on both ends of the valley, especially on peak traffic days.

Public Comment – none

### **G-2 Water & Sewer Operations Report.**

Mr. Burks reviewed the report.

Mr. Burks echoed Chief Riley's statement regarding the 1810 property and noted it is important for storing equipment and that operators work in the building.

Public Comment – none

### **G-3 Engineering Report.**

Mr. Hunt reviewed the report.

The PlumpJack Squaw Valley Inn is preparing an addendum to the Environmental Impact Report (EIR) due to floodplain mapping revisions and adjustments to the project scope. The draft EIR addendum and the developer's response to a draft Development Agreement and are expected in December. The floodplain mapping project may also affect the design of the well building.

Director Poulsen asked about the design review process as part of the addendum and Mr. Hunt responded that the site plan and elevation for the District's well project will be shown in the

addendum EIR. The well house is currently proposed to be located in the easement provided by the developer.

Updates were given regarding Jen Rosser's (Carville) project, internal work on the Water and Sewer Master Plans, and on the Truckee River Siphon Project.

Public Comment – none

**G-4 Administration Report.**

Ms. Obayashi-Bartsch reviewed the report including a reminder to submit the Fair Political Practices Commission forms 470 and 700.

Public Comment – none

**G-6 Legal Report (verbal).**

Mr. Archer had no comments.

Public Comment – none

**G-7 Director's Comments.**

Director Hudson thanked Ms. Grindle for her work on the audit report.

Director Ilfeld said it was a productive meeting.

Director Cox thanked Ms. Obayashi-Bartsch for her service as Board Secretary.

Director Poulsen had no comments.

Director Gustafson noted the need to continue to protect this valley and thanked Ms. Obayashi-Bartsch.

Public Comment – none

**H. Adjourn.**

Directors Hudson/ Gustafson made a motion to adjourn at 11:50 A.M. The motion passed and the vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

By, J. Asher