

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
BOARD OF DIRECTORS MEETING MINUTES #812
April 26, 2016**

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, 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; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager; Dave Hunt, District Engineer and Tom Archer, Counsel.

Others Present: Sally & Dave Brew, Ed Heneveld, Chevis Hosea, Katie Lazzari, Jean Lange, Vince Sosnkowksi and David Stepner.

President Cox asked Dave Brew to lead the Pledge of Allegiance. Ms. Obayashi-Bartsch said there is a revision to the agenda under item H. Closed Session – District Labor Negotiations. It should read as follows: “Conference with District Labor Negotiator: Michael Geary”.

B. Community Informational Items.

- B-1** Friends of Squaw Creek – Ed Heneveld provided an update on the status of several grants. David Shaw with Balance Hydrologics has been engaged to help the group. He commented on the status of the stream gauging work and would like more partners including the District to assist with this work.
- B-2** Friends of Squaw Valley – Ed Heneveld said the Village at Squaw Valley project’s final EIR and revised Specific Plan were released in early April. He thanked Chevis Hosea for including creek restoration in the first phase of the project as well as addressing transfer fees and road noise reduction. All of the Squaw Valley Design Review Committee’s recommendations were incorporated with the exception of the height of the proposed Mountain Adventure Center.
- B-3** Squaw Valley Design Review Committee (SVDRC) – David Stepner said the group did not meet this month.
- B-4** Squaw Valley Municipal Advisory Council (SVMAC) – David Stepner said the group discussed the Faulkner garage project and traffic on Squaw Valley Road. Their concern is when the resort reconfigures the road for a third lane and the issues that arise from this amount of traffic. The next meeting is Saturday, May 14th at 3 P.M. at PlumpJack to discuss and vote on the Village at Squaw Valley Project.
- B-5** Squaw Valley Mutual Water Company (SVMWC) – David Stepner said they have finalized their fee structure and will be discussing this at the Squaw Valley Property Owners meeting and a subsequent SVMWC meeting.
- B-6** Squaw Valley Ski Holdings – no report
- B-7** Squaw Valley Property Owners Association – Sally Brew reminded everyone about the group’s annual meeting on Memorial Day weekend including the pancake breakfast and clean-up day.

B-8 Tahoe-Truckee Sanitation Agency – Dale Cox provided an update on the following items: State Route 89/Fanny Bridge Project & related Truckee River Interceptor (TRI) relocation agreement and TRI Improvements from Manholes 81-83.

David Stepner said there will be a May 9th meeting regarding the proposed tram interconnection between Alpine Meadows and Squaw Valley. This scoping meeting is a joint effort between Squaw Valley Ski Resort and the U.S. Forest Service. Placer County’s planning meeting will be on May 26th and the Resort at Squaw Valley Project entitlements will be discussed.

C. Public Comment/Presentation.

Ed Heneveld said there is a turf buy-back program through the Truckee River Watershed Council. Director Hudson said this would be good information to have in the District’s summer newsletter.

Public Comment – none

D. Financial Consent Agenda Items.

Directors Poulsen and Hudson met with staff on April 25th from approximately 3:30 –6:00 P.M. to review items D-1 through D-14 as well as other finance related items on this agenda.

Director Poulsen said the Proposition 218 notice on proposed rates was sent to customers and we continue to work on budget revisions, hopefully resulting in lower percentage increases than published. Expenses are running slightly over budget for this period but are acceptable and the Fire Department Wildland strike team work has brought in extra income this year.

The Committee also discussed the asset replacement funds and in particular the water fixed asset replacement fund which is getting very low.

Director Hudson said the group discussed the budget in detail which will be reviewed in item F-2 and the current year’s finances look good.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Gustafson/Poulsen 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 meeting of March 29, 2016

A motion to approve the minutes for the Board of Directors meeting of March 29, 2016 was made by Directors Gustafson/Hudson; vote was unanimous.

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

F. Old & New Business.

F-1 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 reviewed the item. Placer County released the Final Environmental Impact Report (FEIR) on Thursday, April 7th. Staff continues to review the 3,800 page document with a focus on the impacts to the services it provides. A formal comment letter will be provided to the County and the Board of Directors upon completion of staff review. Due to this effort, Development Agreement negotiations with Squaw Valley Real Estate (SVRE) for the proposed project have been postponed.

Director Wilcox said there is misleading information that Sierra Watch has published regarding the Valley's water supply and other issues. He said he believes Sierra Watch is deliberately misleading the public which is disrespectful to staff and the Board. President Cox agreed with his comments.

Mr. Geary said there have been several news articles and other publications to refute misleading information. The Board should consider whether it is beneficial to continue refuting these claims through the media or other means. Staff and individual Board members have met with Sierra Watch to provide clarifying information.

Water

Work in support of managing groundwater resources consistent with the objectives of the Olympic Valley Groundwater Management Plan are considered to augment the purposes of the Development Agreement, specifically preparation of the Quinquennial Review and Report and the proposed Water Management Action Plan.

Sewer

Staff is reviewing the spatial and density characteristics of the proposed development to identify triggers to replace and install new sewer lines necessary to serve the project.

Fire/EMS

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

Public Comment –

David Stepner suggested the Board represent themselves at the next SVMAC meeting on May 14th and the County's planning meeting on May 26th. Representatives from Sierra Watch will be present so it may be a good opportunity for the District to comment and rebut any misleading information presented by Sierra Watch.

Dave Brew said he is critical of the Water Supply Assessment (WSA). Over time, what is being proposed will result in a 56% increase in water use and the WSA is based on supply from conceptual wells. He is concerned that the conceptual wells may not yield the quantity or quality of water needed for the project. In addition to this aspect of the WSA, the Board only accepted the WSA but did not actually approve the WSA.

Mr. Geary said as defined by SB610, the Board is not allowed to approve the WSA because the District does not meet the criteria as defined by this law. It is appropriate for the assessment to be conceptually based and it is the companion bill, SB221 which addresses the verification process.

Ed Heneveld said he believes that the development agreement between the developer and the District should be in place before the county approves the project. The Board should not engage in a public dispute with the Sierra Watch but provide comments at public meetings as suggested by David Stepner.

F-2 2nd Review of 2016-17 Fiscal Year Budget.

Director Poulsen returned to the meeting room.

The Board reviewed the item and accepted public comment.

Ms. Grindle reviewed the item. The proposed budget was prepared with a focus on establishing adequate reserves of the District's Fixed Asset Replacement Funds (FARF's) while supporting the required resources to provide consistent and quality utility and fire services to the community. The staff report discusses the material assumptions used to determine the financial estimates for each department, a focus on significant changes on a year-over-year basis, planning for staff succession, requirements to fund the replacement/repair of aging infrastructure, and the rates necessary to support the aforementioned estimates.

The corresponding 2016-17 rates to accommodate the proposed budget will require a 10% increase to water, a 8% increase to sewer, and a 2% increase to garbage. This is a partial reduction from the Proposition 218 notice of 10% for water, 10% for sewer, and 3.5% for garbage. All rate increases are universal between all customer classes and tiers.

The Ad Valorem property tax revenue is estimated to increase 1.90% from last year, which is a conservative estimate. It uses the 2015/2016 Placer County assessed property tax multiplied by the 2016/2017 California Consumer Price Index (CCPI) and multiplied again by the Adjusted Gross Levy percentage for each of our funds.

Director Hudson said the water FARF is very low and requires the proposed 10% increase in water rates to help replenish this fund. The Committee asked staff to research options resulting

in a lower percentage increase to the sewer rate from 8% to 6%, 4% and 2%. At present the sewer FARF of 2.7 million dollars looks adequate but we won't really know until the Capital Replacement Plan is completed. This plan should be complete in the September to October timeframe.

Public Comment – none

F-3 Board Member Compensation.

The Board reviewed the item, accepted public comment and directed staff to research the option of providing a maximum annual reimbursement in the range of \$5,000-\$10,000 per Board member for medical expenses, to be discussed at the next Board meeting in May.

Mr. Geary reviewed the item. Staff looked into the option of a Health Reimbursement Account (HRA) which we determined was not feasible. In order to set up an HRA each member would have to be covered by an eligible group plan and the District currently does not offer coverage for the Board. The same issue arose when we looked into a Flexible Spending Account.

After contacting other districts we looked into the option of direct reimbursement to the Board for eligible medical expenses. Direct reimbursement would be in the form of a check produced through our accounts payable. This option is prohibited by the Internal Revenue Service as Board members would need to be issued a 1099 tax form for reimbursements in addition to W-2 tax forms that are currently issued for payroll checks.

One feasible alternative is reimbursement through payroll. This amount would be treated as income and taxed at applicable rates. We believe this is the best option. Legal counsel is needed to determine those applicable tax rates and to establish procedures to determine eligibility and submittal of reimbursable health expenses.

Staff recommends reimbursement of Board members through payroll for eligible, out-of-pocket medical expenses for a pre-determined not to exceed annual amount.

President Cox said offering such a benefit may ensure there is sufficient interest in serving on the Board. However, it is important to ensure the District is served by dedicated community members. At a previous meeting, it was suggested that someone may be interested in serving on the Board because of the compensation and/or benefits. He said he would like to review this item again at the next Board meeting.

Director Wilcox said he supports staff option #3 with an annual limit in the range of \$5,000 \$10,000 per Board member.

Director Hudson said he supports option #3 and staff will need direction in order to include this expense in the budget.

Director Poulsen said he supports Director Wilcox's comments and would like to review again at the next meeting.

Director Gustafson said he would like people to be interested in serving on the Board for the community's sake and not because of the compensation and/or benefits.

Public Comment –

Jean Lange asked if the reimbursement proposed by option #3 is non-taxable. Mr. Geary said the reimbursement is taxable.

Dave Brew said while it is fine to defer making a decision, it would be good to have an idea of the maximum amount being considered.

The Board directed staff to research the option of providing a maximum annual reimbursement in the range of \$5,000-\$10,000 per Board member for medical expenses. This item will be discussed at the next Board meeting in May.

F-4 Operations & Fleet Annual Report.

The Board reviewed the item and accepted public comment.

Mr. Burks reviewed the item. The 2015 Annual Operations Report includes a review of tentative projects (2016-2021), general improvements (2015), utilities report, year-end charts and graphs, SCADA telemetry data and fleet information.

The water production total is 95.20 MG which is 21.20 MG less than in 2014. The sewer collection total is 79.70 MG which is 5.43 MG more than in 2014. Water production decreased 18% over the previous year and sewer collection increased 7% over the previous year.

The overall age of the District fleet has dropped slightly due to delayed vehicle replacements and is now 12.6 years. The 1994 JCB Backhoe is 22 years old, needs new front tires and valve body repairs estimated at \$6,500. The unit is underpowered for manhole work and undersized for pipeline replacement work. It is recommended this unit be replaced.

Public Comment – none

The Board commended Mr. McGraw, Mr. Burks, Mr. O'Neal and the Operations Department for their efforts.

F-5 Long-Term Water Conservation and Management Policy in California.

The Board reviewed the item, accepted public comment and adopted Resolution 2016-02, reflecting the District's support of a long-term water management policy developed and administered by the California Department of Water Resources and that the State should leave discretion with local water agencies to choose appropriate management strategies.

Mr. Burks reviewed the item. The resolution will be revised to reflect the Squaw Valley Public Service District's support of the policy.

Public Comment –

Dave Brew expressed support of the resolution.

A motion to adopt Resolution 2016-02, supporting a California Department of Water Resources long-term strategy of demanding high levels of water use efficiency established at the local level, requiring high levels of accountability at local water agencies, and preserving local control over water management strategies was made by Directors Wilcox/Poulsen; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

F-6 Resort at Squaw Creek Phase II – Development Agreement 2nd Amendment.

Director Poulsen left the meeting room due to a conflict of interest from an ownership interest.

The Board reviewed the item and accepted public comment.

Mr. Geary reviewed the item. In 2008, the Board approved a development agreement which included an expiration date in 2012. However, a four year extension was granted in 2012 which is set to expire on November 6, 2016. This extension mirrors the extension granted by Placer County. The developer is working with the county to extend their current agreement and entitlements. When we receive notification of the extension, we will work with the developer to do the same.

The focus has been on the timeline of various components including the dedication of Well 18-3R, development of townhomes and infrastructure. The dedication of a water treatment site is also included in the development agreement.

Public Comment –

Jean Lange asked if the resort must provide some form of recreation mitigation. Mr. Geary said as part of Placer County's process they are subject to providing mitigation of some type.

Dave Brew said the meadow area should have an open space designation. He said the Technical Review Committee's jurisdiction pertains only to the golf course. This is the group that monitors and sets standards for the use of pesticides, herbicides and fertilizers on the Resort at Squaw Creek Golf Course.

F-7 Water Line and Sewer Line Easement Abandonment – 222 Granite Chief Road.

Director Poulsen returned to the meeting room.

The Board reviewed the item, accepted public comment and adopted Resolution 2016-03, authorizing the execution of a quitclaim deed abandoning a water line and sewer line easement to Adam Green and Mireya Bravomalo at 222 Granite Chief Road; APN # 096-030 010-000 and authorize staff to submit to Placer County for recording.

A motion to adopt Resolution 2016-03, authorizing the execution of a quitclaim deed abandoning a water line and sewer line easement to Adam Green and Mireya Bravomalo at 222 Granite Chief Road; APN # 096-030-010-000 and authorize staff to submit to Placer County for recording was made by Directors Hudson/Wilcox; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

F-8 Water Line Easement Abandonment – 222 and 230 Granite Chief Road.

The Board reviewed the item, accepted public comment and adopted Resolution 2016-04, authorizing the execution of two quitclaim deeds abandoning a water line easement to Adam Green and Mireya Bravomalo at 222 Granite Chief Road; APN # 096-030-010-000 and JEAT Enterprises, L.P. at 230 Granite Chief Road; APN # 096-030-008-000 and authorize staff to submit to Placer County for recording.

A motion to adopt Resolution 2016-04, authorizing the execution of two quitclaim deeds abandoning a water line easement to Adam Green and Mireya Bravomalo at 222 Granite Chief Road; APN # 096-030-010-000 and JEAT Enterprises, L.P. at 230 Granite Chief Road; APN # 096-030-008-000 and authorize staff to submit to Placer County for recording was made by Directors Gustafson/Poulsen; 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. Burks reviewed the report.

Public Comment – none

G-3 Engineering Report.

Mr. Hunt reviewed the report. Staff prepared and issued a Request for Proposals for the Olympic Valley Groundwater Management Plan Water Management Action Plan (WMAP) and selected InterFlow Hydrology to perform the technical elements of the WMAP on behalf of groundwater pumpers and in support of the Olympic Valley Groundwater Management Plan.

The objective of the WMAP is to produce a technical memorandum identifying trigger mechanisms for the implementation of conservation measures. The technical memorandum will be used as a basis for establishing an agreement among valley pumpers to abide by the triggers established and identified responses. The WMAP will update the previous agreement from 1991.

Public Comment – none

G-4 Administration Report.

Ms. Obayashi-Bartsch reviewed the report.

Public Comment – none

G-5 Manager's Comments.

Mr. Geary reviewed the report.

Public Comment –

G-6 Legal Report (verbal).

Mr. Archer was not present.

Public Comment – none

Directors Hudson/Poulsen made a motion to close the open session and convene in closed session.

H. Closed Session – District Labor Negotiations.

The Board met in Closed Session pursuant to Government Code §54957 et al regarding District labor negotiations.

Conference with District Labor Negotiator: Michael Geary

Employee Organization: IUOE Stationary Engineers Local 39 for Fire Department Personnel to discuss salaries, salary schedules, or compensation paid in the form of fringe benefits.

Directors Wilcox/Poulsen made a motion to reconvene in open session.

I. Possible Action Resulting from Closed Session.

Mr. Archer said the only item discussed was the closed session agenda item with no reportable action.

G-7 Director's Comments.

Director Wilcox said we are nearly half way through Mr. Geary's employment contract of two years. A performance review is needed and in the past he has met with staff that report directly to Mr. Geary for feedback and suggestions. The Board expressed support of this procedure and Director Wilcox said he will schedule interviews with staff in early May.

J. Adjourn.

Directors Gustafson/Poulsen made a motion to adjourn at 1:15 p.m.; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Poulsen-yes

Wilcox-yes

By, K. Obayashi-Bartsch

FINAL