

**SQUAW VALLEY PUBLIC SERVICE DISTRICT  
BOARD OF DIRECTORS MEETING MINUTES #827  
May 30, 2017**

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

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

**Directors Absent:** None

**Staff Present:** Mike Geary, General Manager; Kathryn Obayashi-Bartsch, Secretary to the Board; Pete Bansen, Fire Chief; Allen Riley, Fire Chief; Brandon Burks, Operations Superintendent; Danielle Grindle, Finance & Administration Manager; Dave Hunt, District Engineer and Thomas Archer, District Counsel.

**Others Present:** Dave Brew, Jeff Collins, Shawn Koorn, Jean Lange, Richard Molsby, Vince Sosnkowski, David Stepner and John Wilcox.

Chairman Cox asked Richard Molsby to lead the Pledge of Allegiance.

**B. Community Informational Items.**

**B-1** Friends of Squaw Creek – none

**B-2** Friends of Squaw Valley – David Stepner said several community groups are supporting a micro-transit district which will fund a transportation program like the “Chariot” service provided by Squaw Valley Ski Resort during the holidays. He hopes the District will support this effort.

**B-3** Squaw Valley Design Review Committee (SVDRC) – David Stepner said the May meeting was cancelled.

**B-4** Squaw Valley Municipal Advisory Council (SVMAC) – David Stepner said at the last meeting, representatives from California Department of Transportation, California Highway Patrol, Placer County, Squaw Valley Ski Resort and others discussed transit and parking issues. A meeting is scheduled to discuss a pilot program on Highway 89 allowing a third lane for busses only.

**B-5** Squaw Valley Mutual Water Company (SVMWC) – David Stepner said the company is working to institute a back flow program.

**B-6** Squaw Valley Ski Holdings – none

**B-7** Squaw Valley Property Owners Association – none

**B-8** Tahoe-Truckee Sanitation Agency (T-TSA) – Dale Cox provided an update on the Truckee River Interceptor project which may be postponed due to high water flows.

**C. Public Comment/Presentation.**

Public Comment – none

**C-1 Recognition of Service – 10 years – Josh Rytter, Engineer/Paramedic**

The Board recognized Josh Rytter for excellent service to the District and Chief Bansen accepted a certificate of appreciation in his absence.

**D. Financial Consent Agenda Items.**

Directors Poulsen and Ilfeld met with staff on May 26<sup>th</sup> from approximately 9:00 – 10:30 A.M. to review items D-1 through D-9 as well as other finance related items on this agenda.

Director Poulsen said the committee reviewed all finance related items on the agenda including the budget. Over the past year, grant revenues are down and the CalPERS costs are running high. Allen Riley has been attending the Finance Committee meetings to get up to speed on financial issues.

Public Comment – none

A motion to approve the financial consent agenda was made by Directors Ilfeld/Gustafson as submitted; 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 April 25, 2017.**

Public Comment – none

A motion to approve the minutes for the Board of Directors meeting of April 25, 2017 was made by Directors Hudson/Gustafson; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-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.

Director Ilfeld asked about the process used in drafting a development agreement for the project.

Mr. Geary said staff and Counsel meet with project representatives to negotiate agreement terms. Staff shares information with the Ad Hoc Committee which is then presented to the Board in a public meeting.

Mr. Archer described the process typically used in drafting a development agreement which includes being reviewed by the Board and in a public meeting.

Public Comment –

David Stepner provided an update on the status of the legal challenge to the project. He believes it will be some time before there are any developments as there are other lawsuits that are scheduled for hearing before the *Village at Squaw Valley* Project lawsuit.

Items F- 10 and F-11 were taken out of order.

**F-10 Development Agreement – Palisades at Squaw.**

Director Poulsen remained out of the meeting room due to a conflict of interest from a business lease with the developer. He listened to the discussion via a one-way audio feed.

The Board reviewed the item, accepted public comment, approved the agreement and adopted Resolution 2017-07, authorizing execution of the development agreement and memorandum of agreement for the Palisades at Squaw.

Mr. Richard Molsby reviewed the item. The Palisades at Squaw (Palisades) consists of a 19.9 acre residential development that includes 63 residential units, lots for open space, parkland and a recreational trail system, and associated roadways and infrastructure. The residential lots will consist of 33 single family residential lots and 30 lots for half-plex units. The project is located off of Creeks End Court and Squaw Valley Road. Placer County adopted a Final Environmental Impact Report on March 21, 2017, and issued a Conditional Use Permit.

He discussed some of the items included in the development agreement including:

- Community Benefit Fee – Developer has agreed to impose a Community Benefit Fee of one half percent (0.5%) on the gross sales price of a home on all single family residential lots upon transfers, sales, exchanges, excluding initial transfers, sales or exchanges, in perpetuity. The Community Benefit Fee will generate funds that may be used for restoration of Squaw Creek, maintenance and enhancement of the Olympic Valley Aquifer and Watershed, including for the District's ongoing Aquifer Monitoring Program or related activities in support of the measurement, management and preservation of the Olympic Valley Aquifer, which serves the development.
- Developer has agreed to grade and improve an existing 30-foot wide emergency vehicle access (EVA) roadway within an easement near its intersection with Creeks End Court to Highway 89 in order to provide a secondary means of Fire and EMS access for the project. This also includes installation of a new gate at the Highway 89 entrance.
- Developer has prepared, and the District has reviewed and approved plans and specifications for the construction of on-site and off-site water and sewer improvements necessary to serve the project. The District will provide construction observation of all water and sewer installations during construction and the developer will reimburse the District for the costs associated with construction management and inspection.
- Developer has agreed to pay the sum of \$50,000 to the District for the installation of a pressure reducing station as contribution to the District's Pressure Zone 1A

Improvement Project. The developer's contribution will be paid in three equal installments beginning on June 30, 2018.

Public Comment –

David Stepner said Community Benefit Fees should be administered by a local Squaw Valley non-profit.

Director Ilfeld said the proposed Community Benefit Fee at 0.5% is at the lowest end when compared to other developments in the Truckee -Tahoe area which are at 1.5%. He expressed concern that this may be precedent setting for future agreements in Squaw Valley.

Chairman Cox expressed concern that without a designated Squaw Valley non-profit to administer the funds, the funds may be used in the larger Tahoe-Truckee area and not restricted to use in the valley.

Mr. Archer explained that the District does not have the legal authority to dictate whether there is a Community Benefit Fee and/or how funds will be administered.

Vince Sosnkowski commented on how the Community Benefit Fee will help with local issues and he expressed support of a Squaw Valley non-profit to administer Community Benefit funds.

David Stepner said he believes Squaw Valley Ski Holdings (SVSH) has set up a non-profit organization but the community would like to establish a different non-profit to administer these funds.

Dave Brew said SVSH established the Squaw Valley Foundation which is a non-profit organization and may be in a position to administer these funds.

Director Ilfeld expressed concern about who will administer the Community Benefit funds and how this item is worded in the agreement. He suggested that Truckee Tahoe Community Foundation be identified as an interim manager of the funds.

Directors Hudson/Ilfeld made a motion to adopt Resolution 2017-07, authorizing the Board President and Secretary to the Board to execute a development agreement and memorandum of agreement for the Palisades at Squaw with a revision to the Development Agreement. The revision is on the 1<sup>st</sup> sentence of section 3.4 Community Benefit Fee and should read "Developer covenants and agrees that it shall record a Community Benefit Fee in favor of the Tahoe-Truckee Community Foundation, as an interim manager of such fees, or another subsequently identified local non-profit entity." The vote was unanimous with the exception of Director Poulsen.

Cox-yes

Gustafson-yes

Hudson- yes

Ilfeld-yes

Poulsen-abstain

**F-11 Farr West Engineering Construction Inspection – Palisades at Squaw.**

Director Poulsen remained out of the meeting room due to a conflict of interest from a business lease with the developer. He listened to the discussion via a one-way audio feed.

The Board reviewed the item, accepted public comment, approved the agreement and authorized the General Manager to execute all necessary contract documents.

Mr. Hunt reviewed the item. Construction of the water and sewer infrastructure improvements for the Palisades is scheduled to begin in mid-June and be completed by October 2017. Construction of the water and sewer facilities will be in accordance with the Improvement Plans for The Palisades at Squaw as approved by the District.

District staff is proposing to contract with Farr West Engineering to provide inspection of the water and sewer facilities to confirm compliance with the approved Improvement Plans and District construction standards.

Inspection costs for this project are reimbursable by the developer pursuant to the Water and Sewer Service Agreement and Memorandum of Agreement dated May 30, 2017.

Staff recommends approval of the proposal from Farr West Engineering for providing construction inspection services and recommends authorizing the General Manager to execute a Professional Service Agreement with Farr West Engineering in an amount not to exceed \$53,500.

Public Comment – none

Directors Hudson/Ilfeld made a motion to approve the Farr West agreement and authorize the General Manager to execute the necessary contract documents; vote was unanimous with the exception of Director Poulsen.

Cox-yes

Gustafson-yes

Hudson- yes

Ilfeld-yes

Poulsen-abstain

Director Poulsen returned to the meeting room.

Item F-7 was taken out of order.

**F-7 Residential Garbage Service Contract for FY 2017-18.**

The Board reviewed the item, accepted public comment and adopted Resolution 2017-06 awarding the garbage collection contract to Tahoe Truckee Sierra Disposal (TTSD) Company and authorizing the Board Chair and Secretary to the Board to execute the agreement.

Ms. Obayashi-Bartsch reviewed the item. The District contracts with the Tahoe Truckee Sierra Disposal Company, Inc. (TTSD) for municipal solid waste collection and disposal services.

The terms of the proposed contract for Olympic Valley residential garbage collection services contain no substantive changes other than a rate increase of 1.77% as applied to the base rate:

PERIOD	BASE RATE	PLACER FEE	TOTAL
07/01/16 thru 06/30/17	19.21	.77	\$19.98
07/01/17 thru 06/30/18	19.55	.78	\$20.33

In addition to weekly collection services, the TTSD service includes:

- Holiday Dumpsters
- Clean-Up Day Dumpsters
- Fire Safety/Green Waste Day Dumpsters
- Christmas Tree Recycling Program

Public Comment –

Jeff Collins of TTSD said the Memorial Day weekend community clean-up was a success and commended the Operations staff for their cooperation in managing the dumpster area.

Directors Ilfeld/Gustafson made a motion to adopt Resolution 2017-06 awarding the garbage collection contract to TTSD and authorizing the Board Chair and Secretary to the Board to execute the agreement; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Ilfeld-yes

Poulsen-yes

## **F-2 1st PUBLIC HEARING to Review FY 2017-18 Budget and FY 2017-22 Rates & Charges.**

The Board reviewed the item and accepted public comment.

Mr. Geary introduced Shawn Koorn of HDR Engineering, Inc.

Mr. Koorn provided a review of the cost of service analysis (attachment A). He summarized the study as follows:

- Revenue adjustments are necessary in order to adequately fund O&M and capital replacement needs, which include Water: 4.0% annually from FY 2018–22 and Sewer: 5.0% annually from FY 2018–22
- Differences in the cost of service exist between customer classes
- The year one cost of service adjustment aims to realign the rates with the cost to provide services
- Proposed rates reflect the revenue requirement and cost of service analyses
- The rate schedule for Multi-Family customers was adjusted
- Bill impacts will vary from customer to customer
- Cost-based connection fees were developed

Ms. Grindle reviewed the budget. The proposed budget was prepared with a focus on establishing adequate reserves in 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.

For FY 2017-18, staff is proposing contributions to the Water FARF in the amount of \$380,000; to the Sewer FARF in the amount of \$475,000. As a comparison, the FY 2016-17 FARF contributions are projected to be \$520,000 and \$337,000, respectively. Staff anticipates increasing the Water FARF to \$708,000 in the coming budget year, which is about 47% of what it was at its peak in 2009.

#### Water & Sewer

Operations: Alternative sources of revenue from reimbursable activities and development projects are estimated conservatively at \$80,000. Reimbursable expenses are typically for staff time and administrative expenses associated with services and projects including the Mutual Water Company Operations & Maintenance services contract, the Bike Trail Snow Removal Program and proposed development projects.

Payroll and benefits are increasing about 20% and 14% respectively from FY 2016-17. These increases are primarily due to an increase in salaries resulting from performing an overdue Operations Department salary survey. The budget also includes funds for a new Operations Specialist and a Part-Time Engineering Intern staff position.

Administration Department staff are scheduled to receive a cost of living adjustment (COLA) equal to the Consumer Price Index (CPI).

Staff in both the Operations and Administration Departments will receive a one-time 6.5% increase to offset an increase in employee contributions to their pension expenses. This increase is equal to the reduction in the District's cost to provide pension benefits to the same employees.

CalPERS Unfunded Pension Liability payment increased by \$19,000 to \$118,000. CalPERS is undergoing a "smoothing" process as they consolidate their pooled plans to further reduce risks and assure adequate growth in the pension plans. Lastly, Workers Compensation rates are increasing by approximately 5%.

Rates: The proposed FY 2017-18 rate increases provide funding to achieve revenue requirements of 5% for water, 7% for sewer, and 3% for garbage. The increases in revenue were allocated to each customer class based on their use of the systems. As such, some customer classes will see a greater increase in rates than others.

Staff hired HDR Engineering, Inc. to perform the Cost of Service Analysis and Rate Study that considered a 100-year Capital Replacement Plan to determine proper funding levels to perform capital replacement projects without relying on debt financing. The analyses revealed that the Water and Sewer FARFs require annual contributions in the amount of around \$600,000 to remain fully-funded.

### Fire Department

Capital: The Fire Department is planning on \$450,000 in Capital projects for FY 2017-18. The Type 3 Engine is a new addition to the department's fleet and will deplete the entire balance in the Fire Capital account as well as some funds from the Fire FARF. Staff anticipates the Capital account to have a zero balance at year-end and the Fire FARF to be at \$246,000.

Operations: Fire operating expenses are expected to decrease by \$91,000, or 3%, because strike teams are not included in the budget. In FY 2016-17, the Fire Department experienced a higher than average year for strike teams. Strike teams are reimbursable expenses. Fire Department payroll increased in benefits by \$64,000, mostly attributed to annual salary survey adjustments, paying two Fire Chief salaries for more than eight months, as well as an increase in the unfunded accrued liability with CalPERS of \$24,000, for a total of \$117,000.

Other material changes in Fire operating expenses include field expenses, which are increasing by \$45,000. Staff anticipates a \$6,000 increase in equipment repairs & maintenance, an \$8,000 increase in facilities repairs & maintenance, a \$15,000 increase in training for new staff members, and a \$13,000 increase in vehicle operations & maintenance.

### Other

Ad Valorem property tax revenue is estimated to increase 0.67% from last year, which is considered to be conservative.

### Public Comment –

David Stepner asked about the District's investment practices. Mr. Geary said the District invests in Placer County investment funds and recently purchased a Certificate of Deposit.

### **F-3 1<sup>st</sup> PUBLIC HEARING to Introduce Ordinance 2017-02 – Adopting Rates & Charges and Revised District Codes.**

The Board reviewed the item and accepted public comment.

Ms. Grindle reviewed the item. The proposed rates and charges support the FY 2017-18 budget and are reflected in the revised District Code Schedules "A" for water, sewer and garbage.

Public Comment – none

### **F-4 PUBLIC HEARING to Establish Appropriation Limits for Funds #541-003 and #541-435.**

The Board reviewed the item, accepted public comment and established appropriation limits for funds #541-003 and #541-435 by adoption of resolutions 2017-04 and 2017-05.

Ms. Grindle reviewed the item. Adoption of Resolution 2017-04 will establish an Appropriations Limit for Fund #541-003 for FY 2017-18 in the amount of \$1,492,156.

Ms. Obayashi-Bartsch said appropriation limits for funds 541-003 and 541-435 are required by law. California Proposition 4, the "Gann Limit" Initiative provides a formula for calculating spending limits and also serves to place annual limits on the appropriations of tax proceeds that can be made by the state, school districts, and local governments in California.

Public Comment – none

A motion to adopt Resolution 2017-04, establishing an Appropriations Limit for Fund #541-003 for FY 2017-2018 in the amount of \$1,492,156 was made by Directors Gustafson/Hudson; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

Ms. Grindle reviewed the item. Adoption of Resolution 2017-05 will establish an Appropriations Limit for Fund #541-435 for FY 2017-2018 in the amount of \$4,865,741.

Public Comment – none

A motion to adopt Resolution 2017-04, establishing an Appropriations Limit for Fund #541-435 for FY 2017-2018 in the amount of \$4,865,741 was made by Directors Hudson/Ilfeld; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**F-5 1<sup>st</sup> PUBLIC HEARING to Introduce Ordinance 2017-03 – Adopting Water Code Revisions.**

The Board reviewed the item and accepted public comment.

Mr. Hunt reviewed the item. The proposed water code revisions relate to rates and charges to ensure consistency with the cost of service study, proposed budget and Ordinance 2017-02, adopting rates and charges. The most significant change is alignment of the language in the Water Code with implementation of the revised water rate structure supported by the Cost of Service Analysis.

Public Comment – none

**F-6 1<sup>st</sup> PUBLIC HEARING to Introduce Ordinance 2017-04 – Adopting Sewer Code Revisions.**

The Board reviewed the item and accepted public comment.

Mr. Hunt reviewed the item. The proposed sewer code revisions relate to rates and charges to ensure consistency with the cost of service analyses, proposed budget and Ordinance 2017-02, adopting rates and charges.

Public Comment – none

#### **F-8 Participation in the Mountain Housing Council of Tahoe-Truckee.**

The Board reviewed the item, accepted public comment, selected a District representative and an alternate, and approved a three year financial contribution to the project.

Mr. Geary reviewed the item. The Mountain Housing Council of Tahoe Truckee (MHC) was formed to accelerate regional housing solutions. On April 29<sup>th</sup>, the Tahoe Truckee Community Foundation hosted a community housing event.

As of the April 29<sup>th</sup> event, thirteen local organizations have committed their time and resources to participating in the MHC and accelerating housing solutions for the people of North Tahoe – Truckee.

Mountain Housing Council of Tahoe Truckee Partners include the following:

- Contractors Association of Truckee Tahoe (CA-TT)
- Family Resource Center of Truckee
- Nevada County
- North Tahoe Family Resource Center
- Placer County
- Squaw Valley
- Tahoe City Public Utility District
- Tahoe Donner Homeowners Association
- Tahoe Forest Hospital District
- Tahoe Truckee Unified School District
- Town of Truckee
- Truckee Donner Chamber of Commerce
- Truckee Donner Public Utility District
- Truckee Tahoe Airport District
- Truckee Tahoe Community Foundation
- Vail Resorts: Northstar California Resort

Director Poulsen said he supports designating a representative but does not know where the District would take funds from to make a financial contribution.

Ms. Grindle said the District could use tax revenue but could not use rate revenue.

Mr. Geary believes there is a nexus between District operations and the mission and goals of this group due to staffing concerns and staff expenses. Affordable housing impacts the District's ability to recruit and retain employees in addition to having staff within a reasonable emergency response time.

Director Ilfeld said he attended the April 29<sup>th</sup> event and provided a summary of the event. He volunteered to be the designated District representative and expressed support for a financial contribution.

Director Hudson suggested doing what is necessary to appoint Director Ilfeld as a representative and suggested waiting to make a financial contribution until the next budget cycle and to see how this group proceeds.

Public Comment –

Jean Lange said affordable housing is an important issue but does not think a financial contribution is appropriate as the District is raising rates to support District operations and infrastructure.

John Wilcox said it's an important issue which was identified as a problem long ago and he supports making a modest financial contribution now or in the future.

David Stepner said it's a very important issue which impacts everyone in the region and the District. He supports designating a representative and making a financial contribution.

Dave Brew said affordable housing solutions may be in a very preliminary stage but forming a private/public partnership is an important step.

Mr. Burks explained how the Operations staff and on-call operations are impacted by the lack of affordable housing.

Chair Cox asked Counsel if a financial contribution is allowed. Mr. Archer said he believes a monetary contribution would not constitute a misuse of public funds.

Director Poulsen expressed support for designating a representative but not for making a financial contribution as it is an expense outside of the District's primary functions.

The Board discussed designating an alternate representative and determined that the General Manager should be the alternate representative.

Directors Hudson/Ilfeld made a motion to designate Director Ilfeld as the District representative with Mike Geary as the alternate representative and to pledge \$2,500 for the first year and a minimum of \$2,500 in years two and three; vote passed four to one.

Cox-yes

Gustafson-yes

Hudson- yes

Ilfeld-yes

Poulsen-no

Break 11:25-11:30 A.M.

#### **F-9 Strategic Plan Progress Report.**

The Board received an update on the Strategic Plan and accepted public comment.

Mr. Geary reviewed the item. The Board approved the District's Five-Year Strategic Plan and its Work Plan five years ago, in April 2012. To support its implementation, the Work Plan has been

reviewed periodically; currently it's reviewed annually. The Five-Year Strategic Plan is available at the District's office and can be viewed on the District's website.

The Strategic Plan reached the end of its five-year outlook last month, in April 2017. There are several approaches to update the Five-Year Strategic Plan. Staff's recommendation is to defer an update to the Strategic Plan and is partly based on there being a clear workload for District staff over the next year and beyond. Those projects are included in the current Work Plan and would likely be included in any update to the Work Plan.

Staff recommends the following:

- Approve Progress Report #7 for the District's Five-Year Strategic Plan's Work Plan as presented.
- Provide direction to staff on scope, schedule, and budget to update the Five-Year Strategic Plan.
- Staff recommends that staff time and resources remain focused on the completion of the tasks and projects presented in the staff report and that the District defer an update to the Five-Year Strategic Plan until September 2018.

The basis of this recommendation is that there is clarity in the workload facing the District that helps achieve the goals and objectives of the current Five-Year Strategic Plan and the District's strategy has not fundamentally changed from 2012 when the current Plan was drafted.

Director Ilfeld suggested that when a community survey is done (Work Plan task 2.2.3), the District coordinate with the Squaw Valley Property Owners Association as he believes they are also interested in performing a survey.

Director Ilfeld commented on the use of text messaging for important updates (item 3.2.1). Chief Bansen said he uses Nixle updates for emergency notifications such as wildfire updates.

Directors Hudson, Poulsen and Gustafson expressed support for staff's recommendation to defer working on a new Strategic Plan until the fall of 2018.

Chairman Cox commented on the value of the 1810 Squaw Valley Road property and using the property to become a revenue generating opportunity (Work Plan task 4.4.2) for the District.

Public Comment – none

Directors Ilfeld/Hudson made a motion to approve Progress Report #7 for the District's Five-Year Strategic Plan's Work Plan and to defer an update to the Five-Year Strategic Plan until the fall of 2018; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Ilfeld-yes

Poulsen-yes

**F-12 Emergency Repair – Automatic Transfer Switch – Main Well House – Creekside Electrical Contractors.**

The Board reviewed the item, accepted public comment, approved the agreement and authorized the General Manager to execute all necessary contract documents.

Mr. Burks reviewed the item. The Well 2R building/Main Well House was built in 2011 and is equipped with a generator to run four wells in the event of a power outage. An Automatic Transfer Switch (ATS) was installed to handle switching from utility power to generator power.

This ATS failed under a power surge condition. The ATS is vital for the resiliency of the District's water system as it ensures the wells can run under generator power during a power outage. It also allows the generator to power the SCADA system which monitors water and sewer infrastructure, flow meters and other assets.

This will be a capital replacement project funded by the Water and Sewer Fixed Asset Replacement Fund. The cost to replace the ATS is \$13,347 and staff recommends approval of a contract with Creekside Electrical Contractors for replacement of the ATS in the amount of \$15,000.

Public Comment – none

Directors Ilfeld/Hudson made a motion to approve the agreement with Creekside Electrical Contractors to replace the ATS and authorize the General Manager to execute all necessary contract documents; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson- yes

Ilfeld-yes

Poulsen-yes

Status Reports.

**G-1 Fire Department Operations/Capital Projects Report.**

Chief Riley reviewed the report. A Fire Department staff swearing-in/badge pinning ceremony is planned for June and will take place after the June Board meeting concludes.

Chairman Cox said he was personally thanked for the sale of the Fire Engine to Sierra County Fire Protection Agency.

Mr. Geary said Chief Bansen's retirement party is scheduled for Friday, June 9<sup>th</sup> at the Truckee River Regional Park and begins at 4 P.M.

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.

Public Comment – none

Chairman Cox asked about the financial involvement of Tahoe-Truckee Sanitation Agency (T-TSA) with the Truckee River Siphon project. Mr. Geary said he will be meeting with T-TSA's General Manager to discuss this issue.

**G-4 Administration Report.**

Ms. Obayashi-Bartsch reviewed the report.

Mr. Geary reviewed the billing insert in the T-TSA bill. This insert is focused on informing the public of the damage to sewer systems caused by flushing materials that are not meant to be flushed, such as so called "flushable wipes".

Public Comment – none

**G-5 Manager's Comments.**

Mr. Geary reviewed the report.

Public Comment – none

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

Mr. Archer had no comments.

Public Comment – none

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

Director Poulsen thanked Chief Bansen and the Fire Department for a great Memorial Day weekend pancake breakfast.

Directors Hudson/Ilfeld made a motion to adjourn the open session and reconvene in closed session; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**H. Closed Session – District Labor Negotiations for Operations Department Personnel and Fire Department Personnel and Performance Evaluation of General Manager.**

The Board met in Closed Session pursuant to Government Code 54957 et al regarding District labor negotiations and the performance evaluation of General Manager.

**H-1 Conference with District Labor Negotiators: Michael Geary and Brandon Burks**

Employee Organization International Union of Operating Engineers, Stationary Engineers, Local 39 for Operations Department field personnel to discuss salaries, salary schedules, or compensation paid in the form of fringe benefits.

**H-2 Conference with District Labor Negotiator: Michael Geary**

Employee Organization International Union of Operating Engineers, Stationary Engineers, Local 39 for Fire Department personnel to discuss salaries, salary schedules, or compensation paid in the form of fringe benefits.

**H-3 General Manager's Performance Evaluation and Employment Contract.**

Directors Hudson/Ilfeld made a motion to adjourn the closed session and reconvene in open session; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**I. Possible Action Resulting from Closed Session.**

Mr. Geary said no actions or decisions were made in closed session and only items on the closed session agenda were discussed.

**I-1 Adopt Resolution 2017-08, approving the Memorandum of Understanding with the International Union of Operating Engineers, Stationary Engineers, Local 39 representing the Operations Department.**

The Board reviewed the item, accepted public comment and adopted Resolution 2017-08, approving the Memorandum of Understanding with the International Union of Operating Engineers, Stationary Engineers, Local 39 representing the Operations Department.

Public Comment – none

Directors Hudson/Gustafson made a motion to adopt Resolution 2017-08, adopting Resolution 2017-08, approving the Memorandum of Understanding with the International Union of Operating Engineers, Stationary Engineers, Local 39 representing the Operations Department; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**I-2 Adopt Resolution 2017-09, rescinding Resolution 2012-29 and approving an Employer Paid Member Contributions of Zero Percent (0%) for the Miscellaneous Group into CalPERS.**

The Board reviewed the item, accepted public comment and adopted Resolution 2017-09, rescinding Resolution 2012-29 and approving an Employer Paid Member Contribution (EPMC) of zero percent (0%) for the Miscellaneous Group into CalPERS.

Public Comment – none

Directors Ilfeld/Gustafson made a motion to adopt Resolution 2017-09, approving an EPMC of zero percent (0%) for the Miscellaneous Group into CalPERS; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**I-3 Adopt Resolution 2017-10 approving a Side Letter to the Memorandum of Understanding with International Union of Operating Engineers, Stationary Engineers, Local 39 representing the Fire Department personnel.**

The Board reviewed the item, accepted public comment and adopted Resolution 2017-10 approving a Side Letter to the Memorandum of Understanding with International Union of Operating Engineers, Stationary Engineers, Local 39 representing the Fire Department personnel.

Public Comment – none

Directors Ilfeld/Hudson made a motion to adopt Resolution 2017-10 approving an amendment to the Memorandum of Understanding with International Union of Operating Engineers, Stationary Engineers, Local 39 representing the Fire Department personnel; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes

**J. Adjourn.**

Directors Gustafson/Hudson made a motion to adjourn at 3:53 P.M.; vote was unanimous.

Cox-yes

Gustafson-yes

Hudson-yes

Ilfeld-yes

Poulsen-yes


By, K. Obayashi-Bartsch

**Squaw Valley PSD**

**Summary of the Water & Sewer Rate and Connection Fee Study**


May 30, 2017

**Presented by:**  
Shawn Koorn  
Associate Vice President  
HDR Engineering, Inc.




**Summary of the Study**

- Rate adjustments are necessary for water and sewer
  - Fully fund operations and maintenance needs
  - Provide adequate funding for renewal and replacement of the infrastructure
- The year 1 cost of service adjustment realigns the rates with the cost to provide services
  - Future rate adjustments are based on the rate transition plan
- Proposed rates reflect the revenue requirement and cost of service analyses
  - The rate schedule for Multi-Family customers was adjusted
- Connection fee analysis provided a cost-based fee for each utility

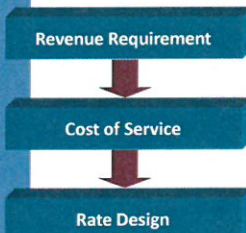


**Purpose of the District's Study**

- Provide sufficient revenue to operate and maintain the water and sewer utilities
- Review rate structures based on industry standard approaches
- Develop equitable, cost-based, and legally defensible rates
- Review and develop equitable and cost-based connection fees




**Development of Cost-Based Rates**



**Revenue Requirement**  
Compares the revenues of the utility to its expenses to determine the overall level of rate adjustment

**Cost of Service**  
Equitably allocates the revenue requirements between the various customer classes of service

**Rate Design**  
Design rates for each class of service to meet the revenue needs of the utility, along with any other rate design goals and objectives



**Summary of the Revenue Requirement**


- Based on adopted budgets developed a projection of revenues and expenses
- Developed a rate transition plan for each utility

Water	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Proposed Rate Revenue Adj.	4.0%	4.0%	4.0%	4.0%	4.0%


Sewer	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Proposed Rate Revenue Adj.	5.0%	5.0%	5.0%	5.0%	5.0%

- Rate adjustments are necessary to:
  - Fund O&M expenses
  - Adequately fund renewal and replacements



**Summary of the Cost of Service**

- Classified the FY 2018 costs into the appropriate component
  - Water: commodity, capacity, customer
  - Sewer: volume, strength, customer
- Proportionally allocated costs to District's customer classes of service (and tier for water)
  - Requirement of Prop 218
- Cost differences existed between the various customer classes of service
- Developed unit costs which are the basis for rate designs



### Summary of the Rate Design

- Maintained the current rate structure
  - Removed residential irrigation fixed charge
  - Transitioned Multi-Family to uniform consumption charge
- Proposed water rates
  - Fixed charge per living unit (SFR/MFR) or account (Comm)
    - Plus accessory dwelling unit (MFR rate)
  - Consumption charge based on annual water use
- Proposed sewer rates
  - Flat rate per living unit (SFR/MFR) or account (Comm)
    - Plus accessory dwelling unit (MFR rate)
  - Volume charge for commercial only >75,000 gal.
- Bill impacts will not be the same for all customers
  - Even within the same customer class



### Multi-Family Customer Changes

		Count	Rate
Present	SFR Rate	297	\$836.00
	MFR Rate	947	\$418.00
Proposed	SFR Rate	--	\$934.50
	MFR Rate	1,238	\$453.00



### Proposed Water Rates – Fixed Charges

	Present	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Fixed Charge \$/Acct or LU/Year</b>						
Residential (SFR)	\$836.00	\$934.50	\$971.90	\$1,010.80	\$1,051.25	\$1,093.30
Condo/Apt./Duplex/Second Unit (MFR)	\$418.00	\$453.00	\$471.15	\$486.00	\$509.60	\$530.00
<b>Commercial / Commercial Irrigation</b>						
5/8"	\$285.00	\$267.53	\$298.25	\$330.20	\$363.42	\$397.96
3/4"	\$311.00	\$287.55	\$321.07	\$355.95	\$392.19	\$429.87
1"	\$347.00	\$314.50	\$351.80	\$388.80	\$428.25	\$469.30
1 1/2"	\$397.00	\$359.08	\$401.20	\$443.34	\$488.59	\$536.05
2"	\$457.00	\$408.71	\$455.56	\$501.80	\$551.55	\$603.60
3"	\$527.00	\$468.16	\$520.21	\$571.80	\$627.64	\$687.70
4"	\$607.00	\$538.05	\$595.41	\$651.87	\$712.68	\$778.96
6"	\$697.00	\$617.21	\$681.62	\$742.65	\$809.80	\$882.07



### Proposed Water Rates – Consumption Charges

	Present	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Consumption Charge \$ / 1,000 gal</b>						
Residential (SFR)						
0 - 120	\$3.04	\$4.54	\$4.72	\$4.91	\$5.11	\$5.31
120 - 220	10.38	9.24	9.61	9.99	10.40	10.81
220 - 280	15.13	14.45	15.02	15.63	16.26	16.90
280 +	31.74	31.99	33.26	34.60	36.01	37.42
Condo/Apt./Duplex/Second Unit (MFR)						
0 - 120	\$3.04	N/A	N/A	N/A	N/A	N/A
120 - 220	10.38	N/A	N/A	N/A	N/A	N/A
220 - 280	15.13	N/A	N/A	N/A	N/A	N/A
280 +	31.74	N/A	N/A	N/A	N/A	N/A
All Usage	N/A	\$7.87	\$8.18	\$8.51	\$8.85	\$9.20
Commercial	\$11.08	\$6.02	\$6.26	\$6.51	\$6.77	\$7.04
Commercial Irrigation	\$12.41	\$10.91	\$11.35	\$11.80	\$12.27	\$12.76



### Summary of the Rate Design – Average Bill Impacts-Year 1

Water	Meter Size / Consumption (year)	Present Rates	Proposed Rates	\$ Change	% Change
Single Family	All / 150k gal	\$1,512	\$1,756	\$244	16.1%
Multi-Family	All / 225k gal / 10 Units	\$5,658	\$6,375	\$642	11.4%
Commercial	2" / 300k gal	\$4,436	\$4,801	\$365	8.2%
Commercial Irrigation	¾" / 175k gal	\$2,483	\$2,747	\$264	10.6%

Sewer	Meter Size / Consumption (year)	Present Rates	Proposed Rates	\$ Change	% Change
Single Family	All / N/A	\$540	\$616	\$76	14.1%
Multi-Family <sup>1)</sup>	All / N/A / 10 Units	\$4,660	\$4,850	\$190	4.1%
Commercial	2" / 250k gal	\$3,184	\$3,638	\$454	14.3%

1) – Multi-Family currently has 2 different rates charged based on customer sub-classification



### Proposed Sewer Rates

	Present	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Fixed Charge</b>	<b>\$/Year</b>					
Residential (SFR)	\$540.00	\$616.45	\$647.25	\$679.60	\$713.60	\$749.30
Condo/Apt./Duplex/Second Unit (MFR)	\$466.00	\$485.00	\$509.25	\$534.70	\$561.45	\$589.30
Commercial	\$994.00	\$1,091.25	\$1,145.80	\$1,203.10	\$1,263.25	\$1,326.40
Residential - Pool / Spa	\$767.00	\$825.35	\$845.60	\$867.90	\$892.30	\$918.90
<b>Consumption Charge</b>	<b>\$/1,000gal</b>					
Commercial		\$12.74	\$14.55	\$15.30	\$16.05	\$16.85
> 75,000		\$12.74	\$14.55	\$15.30	\$16.05	\$17.70



### Definition of a Connection Fee

- A connection fee is defined as a:
  - Fee for new customer demand only
  - Fee required of all new customers desiring water or sewer service or existing customers requesting increased water or sewer service capacity.
  - Charge based on the value of the utility's capacity and the amount of capacity needed by the new customer.
    - Capacity can be defined in different ways (e.g., MGD, EDU)
- Revising the assessment of the fee



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### Water Connection Fee by Meter Size

Meter Size	Ratio	Cost
1" Meter	1.00	\$10,414
1.5" Meter	2.00	20,828
2" Meter	3.20	33,325
3" Meter	6.00	62,484
4" Meter	10.00	104,140
6" Meter	20.00	208,280

\*Connection Fee for meters ≥ 2" may be calculated by the District on a case by case basis



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### Sewer Connection Fee by Meter Size

Meter Size	Ratio	Cost
1" Meter	1.00	\$5,627
1.5" Meter	2.00	11,254
2" Meter	3.20	18,006
3" Meter	6.00	33,762
4" Meter	10.00	56,270
6" Meter	20.00	112,540

\*Connection Fee for meters ≥ 2" may be calculated by the District on a case by case basis



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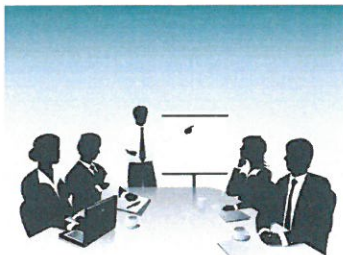
### Summary of the Study

- Revenue adjustments are necessary in order to adequately fund O&M and capital improvement needs
  - Water: 4.0% annually from FY 2018 – FY 2022
  - Sewer: 5.0% annually from FY 2018 – FY 2022
- Differences in the cost of service exist between customer classes
  - The year 1 cost of service adjustment aims to realign the rates with the cost to provide services
- Proposed rates reflect the revenue requirement and cost of service analyses
  - The rate schedule for Multi-Family customers was adjusted
  - Bill impacts will vary from customer to customer
- Cost-based connection fees were developed



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### Questions and Discussion



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