

BOARD MEETING
APPROVED MINUTES

December 17, 2010

DIRECTORS PRESENT: President Dan Wilkins, Vice President Ron Treabess
Directors Lou Reinkens and Judy Friedman

DIRECTORS ABSENT: Director Erik Henrikson

STAFF PRESENT: Cindy Gustafson, General Manager
Jim Dykstra, Director of Accounting & Employee Services/Treasurer
Matt Homolka, District Engineer
Tony Laliotis, Director of Utilities
Bob Bolton, Director of Parks and Recreation
Mike Sexton, Legal Counsel
Ginger Charlton, District Clerk

A. CALL TO ORDER

President Wilkins called the meeting to order at 8:30 am and led the audience in the Pledge.

B. AGENDA AMENDMENTS AND APPROVAL

1. Agenda Deletions, Changes, and Audience Requests

Ms. Gustafson said that there would be some staff recognition taking place at the end of item #4. Item #12 will also be pulled from consent to allow an update.

2. Additions to Agenda
3. Approval of Agenda

Motion to approve the revised agenda: Friedman/Reinkens/4-0

C. RECOGNITION

4. Roger Adamson – 3 Year Service Recognition

Mr. Bolton thanked Mr. Adamson for his service and said that he is a true leader and manager. Ms. Gustafson added that his positive attitude and commitment to the District are appreciated.

H. R. LaBounty Safety Awards Program (added item)

Mr. Bolton reported that all four of the District's full-time staff members are being honored by the JPIA's H. R. LaBounty Safety Awards Program. As a team, they installed freeze indicator signs at various locations so personnel would know when to watch for ice. They also put heat tape on the District Office's roof to help avoid dangerous ice dams. The \$100 award was split between Ralph Turner, Mike Abarno, Pete Marra, and Kevin Cose. Director Reinkens thanked

them for their safety consciousness and added that this type of work ethic helps save the public money because our premium goes down year after year.

D. PUBLIC FORUM

There was no public comment.

E. FINANCIAL

5. Final Approved Budget Summary Page

Mr. Dykstra said that at the last meeting the Board approved the budget with some final decisions on water and sewer rates. Those changes are reflected in the summary page. He also adjusted the numbers on the available reserves. The Board will be asked to indicate where to designate those reserves at the February meeting. Mr. Dykstra will also bring information to the Board on the formula for how much of the subsidy total is going to the water operation. Director Reinkens congratulated everyone in the District for working hard to have the highest reserves in 13 years.

F. PROJECTS

6. District-Mandated Private Water Service Relocations

Mr. Homolka said that the Sewer and Water Committee was in agreement with the recommendation for the District to accept financial responsibility for private water service relocations required as a result of District Capital Projects. Director Wilkins added that the Committee believes that the cost of relocating the services should be shared throughout the customer base. He suggested that the Board discuss this same topic in regards to the Lake Forest Water Company (LFWC) customers. Mr. Homolka said that he has other topics of concern regarding the LFWC and would like to bring them to the Board at the next meeting.

Motion to approve: Reinkens/Treabess/4-0

7. 2011 Capital Project Justifications Sheets - Final

Mr. Homolka provided information for all of the projects and said the packet would be updated quarterly.

G. SEWER AND WATER UTILITIES

8. Lake Forest Water Company Acquisition – Status Update

Ms. Gustafson left the dais during this item.

Mr. Laliotis updated the Board on the acquisition and noted that January 10th – 15th should be the official hand-off date. He said the District is prepared to take over when we get notice. Director Reinkens thanked staff and legal counsel for all of the work that has had to be done for this acquisition.

Peter Thompson and Wally Auerbach, Lake Forest residents, thanked TCPUD for their work on the acquisition.

Mr. Sexton explained how the General Manager and Director Henrikson have recused themselves and have not participated in Lake Forest discussions relating to the District's

decision to acquire the water system since they are both homeowners in that area. A question comes up now as to what extent they can be involved in Lake Forest discussions after the District takes over the water system. He advised that they should continue to recuse themselves from discussing actions related to setting rates and charges and decisions regarding the acquisition of the system. The Board has directed the District to acquire the system and seek public funding that may be available to fund water system upgrades. Director Henrikson and Ms. Gustafson may participate in these discussions. Similarly, they may participate in discussions of operational issues related to the District's takeover of the water system.

H. PARKS AND RECREATION

All items covered under consent calendar.

I. CONSENT CALENDAR

Director Wilkins said that staff has already asked to pull item #12. Director Friedman asked to pull item #13. Director Treabess asked to pull item #11-d.

Motion to approve balance of the consent calendar: Treabess/Reinkens/4-0

9. Minutes
 - a. Finance Committee – October 21, 2010
 - b. Board Meeting – October 29, 2010
 - c. Budget Workshop – November 5, 2010
 - d. Budget Workshop – November 12, 2010
 - e. Board Meeting – November 19, 2010
10. Finance Report
11. General Manager and Staff Reports

Director Treabess asked for an update on where we are today on Lake Forest. Mr. Homolka reported that plans and specifications are 95% complete; we have a conditional permit from TRPA; we have very minor comments from Placer County that can be easily addressed; and CEQA is complete.

Motion to approve item #11: Treabess/Reinkens/4-0

12. Backflow Update

Coral Lochridge handed out a Technical Services Department Cross Connection Control Update, reviewed the information with the Board, and answered questions.

Motion to approve item #12: Treabess/Reinkens/4-0

13. 2011 Parks and Recreation Facility Rental Rate Increases

Director Friedman asked if this item came to the Parks and Recreation Committee. It did not. It came to the Board through budget review. Mr. Bolton had reported that there would be across the board facilities increases. Director Friedman also asked what "merit" means on the chart. In this case it means boy scouts, girl scouts, schools, etc. Director Reinkens voiced some concern about kitchen charges for Rideout's kitchen. The Board asked staff to keep an

eye on the costs and come to the Board if there is a problem. Mr. Bolton will also check into necessary permits and licensing for community groups.

Motion to approve item #13: Treabess/Reinkens/4-0

14. Tahoe Tavern Heights BPS and Well Rehabilitation Project
 - a. Progress Pay Estimate No. 7
 - b. Contract Change Order No. 2

15. TCPUD Investment Policy

J. RESOLUTIONS/ORDINANCES

16. Resolution Adopting the 2010 Update to the Placer County Local Hazard Mitigation Plan

Rod Rodriguez, Senior Emergency Services Specialist for Placer County Office of Emergency Services, reviewed the update to the plan that allows the District to get funding from FEMA. He answered questions from the Board and thanked Bob Bryant and Stephen Marrow for their participation.

Motion to approve Resolution #10-35: Treabess/Reinkens/4-0 by roll call vote

17. Ordinance Amending and Modifying Ordinance No. 112 – Sewer Connection Fees, User Fees and Service Fees

Mr. Dykstra explained the ordinance and noted that it was consistent with the direction given at the last Board meeting. Director Reinkens voiced concern about the definitions used in the ordinance and how fees are calculated for bed and breakfasts.

Mr. Sexton said that a discussion about specific utility service fees was not appropriate for this meeting. This item is only about temporarily reducing the rate that was adopted February 25, 2009, because of the financial effect that the state of the economy is having on the finances of District customers. A discussion of the overall rates applicable to different categories of utility service has already taken place and is not appropriate for this meeting. He added that the District isn't rescinding the rates that were adopted in 2009. The Board is only taking action to modify that rate for one year because the Board made findings related to the state of the economy and its financial effect on District customers that supported such action. The rate approved in 2009 will be the rate effective for 2012 unless the Board takes action to revise that rate.

Motion to adopt Ordinance No. 268 subject to Mr. Sexton's comments above: Reinkens/Treabess/4-0 by roll call vote

18. Ordinance Amending and Modifying Ordinance No. 185 – Water Service Rates and Charges

Mr. Dykstra said that, like Ordinance No. 268, this ordinance will adjust the rates for one year based on the review that the Board made through the budget process. The primary change was to have the base rate for residential customers increase to \$52 a month instead of \$55; the commercial base rate went down by a similar percent from what they were supposed to increase based on the Proposition 218 rates; and consumption rates have moved up as established by the rate study and adopted 218 rates for the five year period.

Motion to adopt Ordinance No. 269: Treabess/Reinkens/4-0 by roll call vote

K. GENERAL

19. Election of 2011 Board Officers

Motion for Ron Treabess to be President in 2011: Wilkins/Friedman/4-0

Motion for Lou Reinkens to be Vice President in 2011: Treabess/Friedman/4-0

20. Committee Assignments and Meeting Schedule

Director Treabess said that he had spoken with all of the Board members and recommended the following committee make-up:

Finance	Directors Reinkens and Treabess
Parks & Recreation	Directors Friedman and Wilkins
Sewer & Water	Directors Wilkins and Henrikson

21. Reports

Mr. Dykstra reported that the All Cities West less Medical November to November Consumer Price Index for Urban Areas was just published and will result in a COLA increase of .7 instead of the .5 that was budgeted. That means about a \$7,000 impact on our budget.

Bob Bolton reported that North Tahoe Arts requested a rent reduction due to financial problems. The item will be discussed at the January Parks and Recreation Committee meeting. They may come to the Board in January with their request. Mr. Sexton said that the District has a constitutional requirement not to gift public funds.

Mr. Bolton also reported that letters stating sidewalk deficiencies are going out January 3rd to all downtown property owners. A meeting will be held at the District Office on January 20th to provide information and answer questions.

22. General Correspondence

Director Wilkins noted the letters from Lake Forest homeowners and said that they seem to be appreciative of the District's help.

Director Treabess asked about the letter regarding Yorba Linda. Mr. Sexton explained Yorba Linda's request for the District to join in on their amicus letter to the Supreme Court. He said that he had discussed the issue earlier with Ms. Gustafson and recommended that TCPUD join in on the letter.

23. Board Follow-up

There was no comment.

L. DIRECTOR'S FORUM

24. Director's Comments and Correspondence

Director Friedman thanked staff for the extra work that had to be done this year on behalf of the Board and District. She also thanked Director Wilkins for being such a good president.

Director Reinkens said that he was the official representative for the District at the ACWA convention and reported that nothing earthshaking happened. He reviewed what is going on with the JPIA and how people can get information from them. He also discussed a conference call that he participated in where the District was offered a scholarship to put someone through Kaizen training.

Director Reinkens said that he was approached by several people who asked why the District isn't meeting with NTPUD to discuss combining the two Districts. He believes we should hold a combined meeting with them to discuss it further. Director Friedman added that NTPUD's Recreation Commission disbanded but they had wanted to spearhead a discussion with our Recreation Committee towards that end. Director Wilkins asked staff to think about an appropriate way to approach the discussion.

Director Treabess said that when the PUC gave Mr. Dewante ownership of Lake Forest Water Company, there were requirements of things he had to do. He didn't do them and that helped influence the judge to change her decision.

Director Treabess also thanked Director Wilkins for a great year of leadership.

Director Wilkins said that about a year and a half ago the District petitioned Dave Cox to create legislative authority that would allow us to revisit our District seating structure. He asked if the Board would like this item on a future agenda for public outreach and discussion. They agreed to add it sometime before March.

M. MEETING REVIEW AND STAFF DIRECTION

25. Staff will Review Board Action and Direction Given at this Meeting

Ms. Gustafson reported the following:

- Staff will bring back to the February meeting the reserves status for water and sewer and a discussion on the separate reserve account and how we contribute to it.
- Staff will bring back information on the full district impact on private water service relocations.
- Staff will investigate what the requirements are for renters of our kitchen facilities to ensure they have the proper permits from health services.
- Staff will bring the voting-at-large item back to a future agenda.
- Staff will work on a joint meeting with NTPUD.

Mr. Sexton asked that the General Manager be included in the Lake Forest closed session discussion for this meeting. A closed session memorandum has been prepared that lists all of the issues that will be discussed and these relate to operational matters that he believes Ms. Gustafson should be involved in. He asked to have the closed session memorandum retained by the District as backup documentation for this closed session. The memorandum would only be produced if necessary to satisfy a court order or subpoena and would not be a public record.

N. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

26. The District is meeting to decide whether to initiate litigation: One potential case.

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

- 27. General Manager
- 28. Attorney – Legal Representation

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

- 29. Eminent Domain Proceeding of Lake Forest Water Company

O. CLOSED SESSION REPORT

- 26. The Board decided not to initiate litigation in the case under consideration.
- 27. The Board discussed an evaluation process and amendments to the General Manager's contract to make it consistent with the managers' period of evaluation and equivalent vehicle allowance.
- 28. The Board evaluated its legal representation. No reportable action taken.
- 29. The Board was given an update from counsel. Staff was instructed on several matters related to acquisition of the water system.

P. ADJOURNMENT

The meeting was adjourned at 12:45 p.m.

Ron Treabess, President

Ginger Charlton, District Clerk

Prepared by Ginger Charlton