

**MINUTES OF MEETING OF THE
NORTH TAHOE PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
North Tahoe Event Center
8318 North Lake Boulevard, Kings Beach, CA 96143
Tuesday, June 10, 2014**

CALL TO ORDER/ESTABLISH QUORUM

The Regular Meeting of the North Tahoe Public Utility District Board of Directors was held at the North Tahoe Event Center in Kings Beach, California on Tuesday, June 10, 2014. Present at the meeting were President Lewis, Directors Bergmann, Ferrell, Thompson, and Daniels, comprising the full Board and establishing a quorum.

President Lewis called the meeting to order at 8:30 a.m. and identified closed session items for discussion as listed below before adjourning to Closed Session at 8:35 a.m.

CLOSED SESSION AGENDA: Pursuant to Government Code, the Board of Directors held Closed Session to discuss the following items.

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Discussion pursuant to subdivision (a) of Section 54956.9. Name of case: Stuart Corvin v. North Tahoe Public Utility District, et al.
2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Discussion pursuant to Section 54956.8. Property: Firestone Property, Assessor's Parcel Nos. 092-010-040, -041, -042, and 093-010-037, -038, -039. Agency Negotiator: General Manager Schultz. Negotiating Party: Placer County. Under Negotiation: Terms of Agreement.
3. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Discussion pursuant to Section 54956.8. Property: 8318 North Lake Blvd., Kings Beach State Recreation Area. Agency Negotiator: General Manager Schultz. Negotiating Party: State of CA. Under Negotiation: Terms of Agreement.
4. CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Discussion pursuant to Section 54956.8. Property: Property at the North Tahoe Regional Park, Old Gentry Property, and Firestone Property on Dollar Hill. Agency Negotiator: General Manager Schultz. Negotiating Party: Tahoe Expeditionary Academy. Under Negotiation: Terms of Agreement.

OPEN SESSION/PLEDGE OF ALLEGIANCE

President Lewis called Open Session to order at 9:40 a.m. The full Board was present. President Lewis reported that there was no action taken during Closed Session.

Staff in attendance included General Manager/CEO Schultz, Chief Financial Officer Marple, Park and Facilities Manager Towner, Engineering and Operations Manager Stelter, Utility Operations Manager Begin, Contracts and Planning Coordinator Gibbons, Construction Administrator Butterworth, Technology & Public Information Administrator Emmerich, and Executive Assistant/Board Secretary Potts. Counsel Eskind was also present.

Director Daniels led the Pledge of Allegiance.

REVIEW AGENDA: No changes were made to the agenda.

TIMED ITEMS:

9:45 a.m. PUBLIC FORUM:

Kings Beach resident Joe Huelle noted that in January, the Board had discussed rotating the position of Board President, and advised the Board that they should do so. District resident Regina Straver requested an update on Senate Bill (SB) 832 introduced by Senator Gaines. The Board directed staff to place SB 832 on the July agenda. Tahoe Vista resident Ellie Waller requested that the District Board and staff review the Tahoe Basin Community Plan Update during the comment period which closes on June 23rd.

Public Forum was closed at 9:51 a.m.

CONSENT CALENDAR: The following consent calendar items were presented for approval. Director Bergmann noted his specific conflicts with accounts paid and payable.

1. Approve Accounts Paid in the amount of \$197,395.73 and Payable in the amount of \$136,935.10 with possible conflicts in the amount of \$1,298.54 for Director Bergmann for the period from May 13, 2014 through June 9, 2014
2. Approve Minutes of the May 13, 2014 Regular Board Meeting
3. Approve Extension of Miscellaneous Patch Paving Contract with Heavy Equip, Inc. through December 31, 2014

MOTION: Director Bergmann moved to approve the Consent Calendar, with the noted accounts paid and payable conflicts. Upon second by Director Daniels, the motion carried unanimously (5-0) by roll call vote.

MANAGEMENT TEAM INFORMATIONAL UPDATES

Accounting Department Report

a. Monthly Financial Statement for April 2014

b. Treasurer's Report

Chief Financial Officer Marple presented the Financial Statement and Treasurer's Report for April 2014. He reported that the financial statement was not current due to software problems experienced with the ActiveNet reservations system for Park and Facilities, including the North Tahoe Event Center. Additionally, he noted that \$3.2 million has been spent on capital projects this year to date. President Lewis noted that Recreation Department revenues are up this year. Park and Facilities Manager Towner stated that she is working with the Department of Boating and Waterways to facilitate offering special events on the Tahoe Vista Recreation Area property. General Manager Schultz advised of the outcome of a meeting with Peter Kraatz from the Placer County Roads Department who will facilitate changes to the County's ordinance limiting parking on National Avenue to two hours on the east side of the road, and disallowing it on the west side of the road.

10:00 A.M. TIMED ITEM: TAHOE EXPEDITION ACADEMY

Ken Martin and Mark Ferris of the Tahoe Expedition Academy (TEA) presented a request for consideration of sale or lease of property in the North Tahoe Regional Park. Director Ferrell recused himself from the discussion due to a conflict of interest as the

TEA is a client of Ferrell Civil Engineering. Mr. Martin presented a map to the Board showing the preferred area in the park for placement of the school building which was highlighted in green. The area requested is currently zoned so that it would be possible to place a building on the parcel while working on permitting and zoning issues on an adjacent parcel. President Lewis noted that the Board had discussed the parcel before the entry to the park, but is not interested in giving up an area in the midst of the recreational areas within the park. Director Bergmann stated that he was interested in determining the amount of revenue that would come to the District through a lease of the property before further discussion. Director Daniels stated that although she supports the school, the base facilities project needs to be fully permitted including the park maintenance building in the park before moving forward with any decision which could impact or delay the District's project.

Members of the public commented on the TEA request. Ellie Waller encouraged TEA representatives to reach out to the North Tahoe West Plan Team, the neighborhood, and noted that zoning changes in the area are very complex. Barbara Monty, a Kings Beach resident stated that she does not wish for the community to give up a recreational amenity for a private entity. She stated that allowing the school to be located in this area will adversely affect recreational use of the regional park, and she voiced additional concerns about the growth of the student population and air pollution with a majority of students being bussed from surrounding regions. Regina Straver, formerly serving on the North Tahoe Regional Advisory Council, is concerned about the size of the school and recommended an available site in Incline Village.

MOTION: Director Daniels moved to postpone any decision on sale or lease of property to the TEA until the District's base facilities project is completely permitted and secure to move forward, including the park maintenance building. Upon second by Director Bergmann, the motion carried unanimously (4-0) with Director Ferrell abstaining.

Park and Facilities Department Report

Park and Facilities Manager Towner advised the Board regarding the recommendation made by the Placer County Recreation Commission the Placer County Board of Supervisors in the amount of \$232,713 for the dog park. This amount represents 72% of the anticipated project costs. She highlighted the process in her report for obtaining permitting for the three concerts in the regional park scheduled for July and August. She expressed concern over the financial impact of the recent transition of Kings Beach State Recreation Area to State Parks, and the upcoming change in management of the California Tahoe Conservancy (CTC) beaches to the CTC. She noted that her concerns were not specific to the Park and Facilities budget, but that State Parks is now budgeting for \$500,000 to subsidize what had previously been a breakeven operation, costing only \$6,300 per year for administration. She stated that she had worked with Chief Financial Officer Marple and General Manager Schultz to present a balanced "zero-based" budget in the Park and Facilities Department for the 2014-2015 fiscal year without reliance on reserves. Ms. Towner advised the Board that the first meeting of the Recreation and Parks Commission was held in May, stating that this is a bright and energetic group of people with whom she looks forward to working. They are most anxious to help with the Park and Facilities Department's recent budget problems, and seek solutions that will allow for the District's facilities to remain viable. Due to recent

vandalism in the regional park, Director Thompson opened a discussion about reinstating a park watchman in the park. Staff advised that this could be revisited after obtaining permitting for the Park and Facilities maintenance building to be placed near the site where the park watchman's mobile residence had been placed.

Planning and Engineering Department Report

Operations and Engineering Manager Stelter addressed the Board regarding upcoming projects, stating that the Kingwood 500 demolition is scheduled to go out to bid in the fall, Canterbury Water Main Replacement (WMRP), Phase 1 of 2, is currently out to bid, and a Dollar Hill Force Main Rehabilitation meeting will be held at the end of the month. The estimate for Phase 1 of the Canterbury WMRP is estimated to cost \$337,000 with the second phase of the project allowing for abandonment of a large portion of the existing main. He updated the Board on progress made on the base facilities project which is out to bid now with bids due on July 1st. He stated that the water main replacements being accomplished by Placer County's contractor in conjunction with the Kings Beach Commercial Core Improvement Project has been efficient and cost effective for the District, noting that Brook Avenue will be completed this season. Mr. Stelter advised the Board of the District's water conservation outreach, offering various conservation devices to its customers which are available at the District administrative office.

Utility Operations Department Report

Utility Operations Manager Begin updated the Board of recent work done at the Carnelian Bay sewer pump station. Director Ferrell requested that the number of Underground Service Alert callouts be placed on the Utility Operations Department Report as well as the hours spent on the calls.

President Lewis called for a short break at 11:05 a.m. to allow Chief Financial Officer (CFO) Marple to set up the Draft Budget Presentation. The meeting was reconvened at 11:15 a.m.

OLD BUSINESS

11:15 A.M. PUBLIC HEARING: Adopt 2014-2014 Fiscal Year Operating Budget and Capital Improvement Program

President Lewis opened the Public Hearing at 11:15 a.m. CFO Marple presented the revised draft budget, explaining changes in the budget parameters.

1. 2014-2015 Fiscal Year Draft Budget Presentation

- a. Consider Budget Parameters
- b. Draft Budget Discussion

CFO Marple addressed the District's commitment to implement a balanced budget and maintain the District's mission to sustain its facilities and infrastructure. He highlighted specific parameters that addressed in the budget including an increase of 2% for wages and an estimate of 12% for medical, and an increase in workers compensation expenses due to an experience modification factor. He noted that there are nine employees in the Park and Facilities department, including the hours of one full time equivalent (FTE) whose services have been reallocated from Kings Beach State Recreation Area and Coon Street to other facilities. Revenues were reviewed noting no rate increases in water or sewer, an increase in the Community Facilities District 94-1 of

2% which occurs annually, and an anticipated increase of 2% in Placer County taxes. Contributions to reserves are anticipated in all three divisions based on the draft budget.

A reduction in the contribution to the Boys and Girls Club of North Lake Tahoe from \$132,500 to \$100,000 was recommended by staff in order to implement a budgeted contribution to Recreation and Parks reserves should anticipated revenues be met.

Representatives from the Club, including Club President John Neary, Vice President Dan Flores, Board Member John Hassenplug, and Executive Director Mindy Carbajal were present to comment on the reduction requested. Ms. Carbajal noted that the District and Club were partners and circumstances which affected the District adversely would affect the Club as well, however she requested that the District's contribution be increased above \$100,000 in order for the Club to continue providing services without a reduction in Club hours which she stated would occur should the recommendation be followed.

MOTION (Failed): After discussion, Director Daniels moved to utilize \$17,000 proposed for Recreation and Parks Reserves in order to contribute an additional \$10,000 toward the Club (\$110,000 total) and budget \$7,000 toward deferred maintenance. Upon second by Director Ferrell the motion failed (3-2) with Directors Thompson, Bergmann, and President Lewis voting no.

Discussion followed. President Lewis stated that the contribution to the Boys and Girls Club has been a good investment for the District toward recreation in the area with 25% of the CFD 94-1 funding going to the Club historically since it was established in 1994; he noted that the amount had been discussed annually and had been capped at \$132,500 in 2013. After further discussion, President Lewis commented that mid-year adjustments to the District's operating budget may be required if revenue projections are not met, with Director Bergmann clarifying that mid-year adjustments meant layoff of District personnel. Director Daniels stated that she feels that the Board is not acting as good stewards of the District's funds needed for deferred facility maintenance.

MOTION: Director Bergmann moved to contribute \$16,000 of the \$17,000 proposed for Recreation and Park reserves to the Boys and Girls Club, and budget \$1,000 toward deferred maintenance in the Recreation and Parks department, making the contribution to the Boys and Girls Club \$116,000 for the 2014-2015 Fiscal Year. President Lewis seconded the motion for further discussion. After discussion, the motion carried (4-1) with Director Daniels voting no.

CFO Marple requested to present the draft budget for adoption at a special meeting to be set before June 30th. A special meeting for budget adoption was scheduled for June 26, 2014 at 12:00 p.m.

- 2. Adopt 2014-2015 North Tahoe Public Utility District Fiscal Year Budget and Capital Improvement Program Budget (Tabled)**
 - a. Adopt Resolution 2014-06 Adopting the District's Annual Operating Budget for Fiscal Year 2014-2015

- b. Adopt Resolution 2014-07 Adopting the District's Annual Capital Improvement Program Budget for Fiscal Year 2014-2015
- c. Adopt Resolution 2014-08 Establishing the District's Annual Appropriations Limit for Fiscal Year 2014-2015

Resolutions presented for adoption of the District's annual operating budget, capital improvement program improvement budget, and annual appropriations limit for the 2014-2015 fiscal year were tabled until the special meeting.

The Public Hearing was closed at 12:15 p.m.

NEW BUSINESS

Discussion regarding Voting At-Large for Board of Directors

Director Thompson requested a discussion be placed on the agenda regarding District directors being elected by seat versus being elected "at large" with no seat designation. In 2009, Senator Dave Cox authorized legislation allowing for a special district board to amend the manner in which they were elected. Tahoe City Public Utility District changed to an election at large for the 2014 election based on community input. Director Thompson asked for a consensus from the other Board members whether they would be interested in a ballot measure to find out what the District's voters would prefer. The consensus of the Board was that the manner in which a director is elected does not matter, although they expressed concerns about maintaining the cohesiveness of the Board preceding elections.

Board Secretary Potts was directed to research the costs for placing a ballot measure on an upcoming ballot. She offered alternatives to the cost of a ballot measure, recommending a survey be placed on the District's website after publicizing the question at a public meeting requesting input.

Grant Easement for 3630 North Lake Blvd. (APN 092-120-037) to California Pacific Electric Company (d/b/a Liberty Utilities) for Electrical Utility Facilities at the Dollar Hill Sewer Lift Station

Planning and Contract Coordinator Gibbons explained the need for the easement which formalizes Liberty Energy's access to their facilities at this location. Counsel Eskind noted that the easement should be granted subject to the District's approval of the easement document.

MOTION: Director Ferrell moved to grant the requested easement for 3630 North Lake Boulevard, subject to the District's approval of the easement document. Upon second by Director Thompson, the motion carried unanimously (5-0).

Grant Right of Entry and Easement for 7046 North Lake Blvd. (APN 117-110-063) and 7110 North Lake Blvd. (APN 117-110-005) to California Pacific Electric Company (d/b/a Liberty Utilities) for Electrical Utility Facilities at the Tahoe Vista Recreation Area

MOTION: After a short discussion, Director Ferrell moved to grant the requested easement for 7110 North Lake Boulevard, subject to the District's approval of the easement document. Upon second by Director Daniels, the motion carried unanimously (5-0).

Authorize General Manager to Execute Task Order 003 with NCE for Bid and Construction Phase Services for the Kingswood 500 Tank and Booster Demo/Griff Creek Restoration Project (#1114)

Engineering and Operations Manager Stelter stated that the cost for bid and construction phase services is covered by a matching grant (50%). In-kind services are not covered by the grant so staff is focusing its work on portions of the project that are not reimbursable. An additional benefit of the task order is that there will be a warranty of the revegetation.

MOTION: Director Bergmann moved to authorize General Manager Schultz to execute Task Order 003 with NCE as recommended. Upon second by Director Daniels, the motion carried unanimously (5-0).

OLD BUSINESS

Base Facilities Update

Engineering and Operations Manager updated the Board on the project, stating that the TRPA Land Capability Verification was complete and had been received on the day before the Board meeting. He expects staff to have the permit request to TRPA by early next week, and is submitting the request for a minor use permit and design review to Placer County on the day after the Board meeting.

GENERAL MANAGER/CEO COMMENTS

General Manager Schultz thanked staff for their work over the last month, particularly with respect to dealing with the budget. He brought the Board's attention to correspondence from Ray Lacey of the California Tahoe Conservancy thanking the District for the high level of service provided by the District in operating the CTC properties, and advising the District that the current contract would end upon expiration of its term on June 30th.

BOARD OF DIRECTORS COMMENTS

Director Daniels inquired about specifics known about a property exchange between the CTC and US Forest Service of land adjacent to the North Tahoe Regional Park. Director Ferrell stated that the District needs to look at establishing a Community Facilities District for park and facilities maintenance.

CORRESPONDENCE

Correspondence from Ray Lacey, Deputy Director of the California Tahoe Conservancy – Correspondence was discussed by the Board during General Manager/CEO Comments.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:57 p.m.

Marianne J. Potts
Board Secretary