

**MINUTES OF SPECIAL MEETING OF THE
NORTH TAHOE PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
North Tahoe Event Center
8318 North Lake Boulevard, Kings Beach, CA 96143
Wednesday, November 12, 2014**

CALL TO ORDER/ESTABLISH QUORUM

A Special Meeting of the North Tahoe Public Utility District Board of Directors was held at the North Tahoe Event Center in Kings Beach, California on Wednesday, November 12, 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 4:00 p.m. and identified discussion items as listed below before adjourning to Closed Session at 4:05 p.m. Counsel Eskind was in attendance for Closed Session by telephone conference.

CLOSED SESSION AGENDA: Pursuant to Government Code, the Board of Directors held a 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: Gun Club Road. Agency Negotiator: General Manager Schultz. Under Negotiation: Secure Quiet Title or Other Action Regarding Gun Club Road.
4. PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE Pursuant to Section 54957.
5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Section 54957. TITLE: General Manager/CEO Schultz, P.E.

OPEN SESSION/PLEDGE OF ALLEGIANCE

President Lewis called Open Session to order at 5:03 p.m. The full Board was present. President Lewis adjourned open session reporting that the Board would reconvene in Closed Session following the Open Session portion of the meeting to discuss Item #5, Public Employee Performance Evaluation for General Manager Schultz. No action was taken in Closed Session.

Staff in attendance included General Manager/CEO Schultz, Chief Financial Officer Marple, Park and Facilities Manager Towner, Engineering and Operations Manager Stelter, Contracts and Planning Coordinator Gibbons, Construction Administrator Butterworth, and Executive Assistant/Board Secretary Potts.

Director Daniels led the Pledge of Allegiance.

REVIEW AGENDA: No changes were made to the agenda at this time.

TIMED ITEMS

5:05 p.m. PUBLIC FORUM: A large number of individuals were present at the meeting to participate in the Dollar Creek Shared Use Trail discussion. Three individuals addressed the Board under Public Forum.

Kingswood resident, David Nestle, also a former employee of the District, read a statement to the Board regarding concerns over the water services placed in the Kingswood area approximately four years earlier. He felt that the pressure was too great within his residence and installed a thermo-expansion tank on his hot water heater to resolve the problem. He stated that he believed there are 1000 services in the District with the same issues he was experiencing, and he believes that the issue is caused by the check valve which is a component of the new meter sets installed four years ago. The Board directed staff to address his concerns at the next regular Board meeting, and thanked Mr. Nestle for his comments.

Tahoe Vista resident, Ellie Waller, advised the Board that a request had been submitted to LAFCO regarding potential annexation for the Martis Valley West project.

Sarah Coolidge, 2014 candidate for District seat #3, spoke of the close election results that are not yet considered final, stating that she wants to remind the Board of the need to establish financial stability in the recreation department, keeping it strong, stable, and growing. She also discussed the possibility of the Board establishing term limits expressing concerns she has heard in the community about keeping the Board fresh. She also discussed keeping the Board's agendas open, and recommended reaching out to interested community members with technology such as Flash-Vote that was tested and utilized by Director Daniels during her campaign for District seat #3. Finally, she relayed concerns she had received from community members regarding the role of the District's counsel.

There being no other public present to address the Board at this time, Public Forum was closed at 5:15 p.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 \$541,514.45 and Payable in the amount of \$501,084.13 for the period from October 14, 2014 through November 11, 2014 with conflicts for Director Bergmann in the amount of \$1,492.37.
2. Approve Minutes of the October 14, 2014 Regular and Special Board Meetings.
3. Authorize General Manager to file Notice of Completion for the Canterbury Water Main Replacement Project Phase 1 (#1419).

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

MANAGEMENT TEAM INFORMATIONAL UPDATES

Accounting Department Report for September 2014

a. Monthly Financial Statement

b. Treasurer's Report

Chief Financial Officer Marple noted that the District is on track for revenues versus expenditures for the period ending September 30th. President Lewis inquired about the process for allocation of the property tax installment to be received in January (2015) which will be held for capital projects. Expenditures were noted to be over for utility expense by both Directors Daniels and Bergmann, however due to the seasonality of the expense, it is anticipated that utilities will remain within the budget projections during the fiscal year overall. Director Bergmann noted that Fund 43 Coon Street should be taken out of language in Chief Financial Officer Marple's verbiage within the monthly financial statement. The Treasurer's Report was discussed briefly, noting that funds set aside for the NTPUD Base Administration Facilities Project are being utilized and will be decreased soon.

Park and Facilities Department Report

Park and Facilities Manager Towner updated the Board on recent projects and activities in the department. She reported that at the request of the Board, the Recreation Commission had considered a recommendation for or against including a motorized concession at the Tahoe Vista Recreation Area. The Commission decided that they would like to study it further with additional community outreach, noting concerns about the limited space, the possible conflict with boat launching, swimming, and a diminished visitor experience. With the resignation of Commissioner Shaw, the Commission had elected Charlie Teran as Chair and Commissioner Jake McDermott as Vice Chair. Park and Facilities Manager Towner reported that the District had received a grant for \$135,000 for way-finding signage to be placed at the Tahoe Vista Recreation Area and the Regional Park for the nature trails and par course, firewood in rounds available from wood cut in the park for \$40 per cord, lumber being milled with the possibility of a special order, recent training received by Acting Park and Facilities Supervisor Tripp Walker for Park Maintenance Management and Park and Facilities Manager Towner regarding marketing. She also described a new project, Kings Beach After 8, which is being developed to increase revenues and use of the North Tahoe Event Center.

Relative to the Park and Facilities Department Report, comments were made by Director Thompson who inquired about the expected revenues from the Kings Beach After 8 project for the Event Center, Director Bergmann who directed Park and Facilities Manager Towner to create a press release about the rounds and milled wood available for purchase from the North Tahoe Regional Park, and input received by Director Daniels relative to establishing a motorized concession at the Tahoe Vista Recreation Area through Flash-Vote outreach.

TIMED ITEM

Dollar Creek Shared Use Trail Discussion

President Lewis opened the discussion by telling the public present that the Board had directed General Manager Schultz and Director Ferrell to discuss the trail with Placer County. He advised that the District had met with Placer County Executive Officer David Boesch and Supervisor Montgomery. Initially, the District and County believed that financing for the shared use trail could be transferred to the District for the purposes of construction of the trail by the formation of a joint powers agreement. Upon further

investigation, the County and District discovered that the funding, and in kind services provided by the County were more difficult to transfer to the District, and the following general framework for an agreement were developed. President Lewis read the letter from CEO Bosch to General Manager Schultz recapping the framework.

- NTPUD agrees to transfer ownership of 85-acre Firestone property to Placer County for the purpose of implementing the Dollar Creek Shared-Use Trail, and ultimately the North Tahoe Bike Trail Project.
- NTPUD and County agree to enter into a Joint Transfer Agreement, not a sales agreement.
- Placer County agrees to assume planning, permitting, construction, operation and maintenance responsibility as agreed to by the District in the 1988 California Tahoe Conservancy grant agreement for the entire trail section, defined as commencing at State Route 28 at Dollar Hill, crossing the Firestone Property, and ending at the North Tahoe Regional Park.
- Upon completion, the North Tahoe Bike Trail Project, including the 2.4 mile Dollar Creek Shared Use Trail expected to break ground in 2015, provides NTPUD residents and ratepayers with a valuable recreational amenity at no cost to them.
- Placer County agrees to facilitate fee ownership or easements to allow for current or future water tank, lines, and appurtenances, and access for the benefit of and use by the District, to be more specifically defined in the Joint Transfer Agreement.
- Placer County agrees to support a three-party agreement with the CTC and NTPUD, or provide the CTC with a resolution of support that should the property ever, all or in part, be utilized for non-bond act purposes, any revenue from said use be allocated back to property acquisition within the boundaries of the NTPUD, as allowed by the Bond Act.
- Placer County agrees to allocate a minimum of \$200,000 in funding toward construction of specified trail-related amenities at or near the trail's North Tahoe Regional Park terminus, as later agreed to by both parties, no later than July 1, 2015.

President Lewis opened the discussion to the public comment.

Numerous residents of the District and neighboring communities of Dollar Point and the Tahoe City Highlands were present to address the Board of Directors and express their concerns about the District's draft agreement with Placer County regarding the disposition of the Firestone property. Dean Headly, attorney for the Dollar Point HOA, and Ray Garland, President for the Highlands property owners association, were present to address concerns of the property owners they represent. A large number of the attendees were most concerned about future development of the property by the County for a justice center and corporation yard. Other individuals to address the Board included Ellie Walker, Frank Mooney, Dana Spencer, Paul Vatisas, Joan Smith, Kathy Long, Janet Gregor, Peggy Nicholas, Leah Kauffman, David Mitchell, Greg Hendrickson, and Robert Heinz, generally expressing support for the trail, concerns about financing future trail maintenance, ownership of the property, and future development of the property by Placer County.

Patrick Wright, Chief Executive Officer of the California Tahoe Conservancy stated that the interest of the Conservancy is to see the bike trail completed, and he recommends that the District moves forward with the current proposal. He stated that the

Conservancy is anxious to have an agreement in place, and he strongly agrees with the public process by which the future of the property will be determined. He recommends that the District's Board adds a bullet point to the agreement that the County will perform a public process for the use of the property, and the public should work with the area plan. He noted that the Conservancy respects the local planning process and pointed out that ownership did not determine zoning for the property.

Jennifer Merchant of the Placer County Executive's Office and a District resident since 1989, clarified the intent of the County. Completion of the trail is first and foremost, and noted that the follow-up meeting after the initial framework was discussed was to develop an agreement for the District to assume the project. Upon review, the grant agreement for funding with the Federal Government would not allow for the funding to be transferred to the District due to the other aspects of the grant involved, i.e. Fanny Bridge and another trail extension. To facilitate moving forward, she stated that General Manager Schultz offered to transfer the property to the County for the purposes of trail completion. She also stated that Placer County would not take responsibility for the entire trail project without ownership of the property, nor did she believe the entire area could be zoned as recreation due to the existing water tank and the District's intent for expansion of the facilities located on the property.

President Lewis closed public comment and asked for discussion from the Board.

Director Ferrell recommended asking Placer County to remove the first two bullet points from the agreement and bring the revised agreement to the County. He would like to see the County's desire to respond in writing that they require ownership of the property in order to assume responsibility for the trail project. He asked Ms. Merchant why the County requires ownership of the property to move forward with the project rather than accepting the easements required which were offered by the District. She responded that the County would require the property for the good will of their completion of the project.

Director Daniels inquired if there were a compromise that could be reached with the District transferring the property after a public process and zoning discussions were done, and the project is completed. Ms. Merchant replied that the project could not be completed without site control. Director Daniels would like to see the County accept the agreement for a deed restriction until the public process is complete.

President Lewis stated that with Placer County's offer the bike trail becomes a reality for the people of the District and our neighbors. The 1988 grant from the CTC was for the purposes of the bike trail specifically. The District is not a land planner and its goal is the completion of the bike trail.

Director Bergmann asked the individuals present if they would feel comfortable with a public process to determine use and zoning for the property in order to obtain a satisfactory outcome. He stated that Placer County has obtained funding and due to the funding being one element of a bigger project, it is not feasible for the District to take over the project.

Director Thompson asked Mr. Wright about the Conservancy's goal for the property. Mr. Wright responded that building the trail is the goal of the Conservancy. Director

Thompson stated that he felt that if this agreement was not reached, the Conservancy would take the property back from the District in order to move forward with the bike trail.

Director Ferrell noted that he does not want to risk the federal funding, but does want to give reassurance to the Firestone property's neighboring communities. He believes the County would agree to the public process and would move forward with the agreement with this condition.

Community members interjected during the Board comment period. Sarah Coolidge reiterated Mr. Wright's comments which she felt were not understood. Mr. Huelle recommended that Placer County build the entire trail or nothing at all. Leah Kauffman stated that there is a community planning process and asked Steve Kastan, assistant to Supervisor Montgomery, if it is possible to place a deed restriction on the property for recreational use. Mr. Kastan did not have an answer for whether or not this is possible.

Director Bergmann asked for a vote from the attendees if they feel the District should forsake the funding if it means turning over the property to Placer County. A majority of the individuals in attendance voted against turning over the property without a deed restriction in place for recreational use. Director Bergmann stated that he would feel comfortable with the agreement if there is a deed restriction in place for the property. He would like to bounce the idea off of the Conservancy. He does not want to preclude the public process to determine the future of the property and feels that he would like to determine if a deed restriction is possible, and if not, put a bullet point in place that the County will offer a public process before any other use on the property. He would like to take steps to increase the community's comfort level.

Director Daniels would like to assure the public that the property will be kept as open space, and if the District is able to obtain a deed restriction on the property to keep it as open space, she will vote to move forward with the agreement as presented.

Directors Thompson and Bergmann concurred with Director Daniels.

President Lewis summarized that he was on the Board of the NTPUD in 1988 when the California Tahoe Conservancy grant for the property was given to the District specifically for the purposes of the bike trail. Over the last 26 years, there was much progress and many delays in the planning process which included property acquisition along the planned trail, funding, the Environmental Impact Report and Study, and goshawk habitat and sightings. When he accepted the deed to the property, he did so with the intent of building the bike trail. He hears the public's concerns but he cannot go back on his word. With the County's proposal, the bike trail is a reality. He recommends that the public stays involved with the public process and says it is up to them to attend future public meetings, whether they be put on by the District or Placer County.

President Lewis summarized the consensus of the Board, giving direction to staff to negotiate with Placer County to add a bullet point for the acceptance of the property with a deed restriction, or short of a deed restriction, to perform a good faith public zoning process for the property, intended to keep the land as open space for light recreational use. President Lewis asked Ms. Merchant and Mr. Kastan to bring back

the voices of the community members attending the meeting to Placer County, and advised those present that the District will hold another meeting after it receives the full agreement from the County with the agreed-upon conditions.

Planning and Engineering Department Report

Contracts and Planning Coordinator Gibbons presented the departmental report to the Board noting completion of the Canterbury Water Main Replacement Project and progress made on the design and permitting for the Parks Maintenance Facility for which plans are under review at Tahoe Regional Planning Agency. She thanked Directors Ferrell, Daniels and Bergmann for their attendance at the Tahoe Water Suppliers Association presentation of Tahoe Water Circulation Patterns hosted by the District at the North Tahoe Event Center on November 5th.

Director Bergmann asked for a recommendation from staff about hosting a water quality monitoring buoy from the UC Davis, Tahoe Environmental Research Center as discussed at the recent water circulation pattern presentation. Contracts and Planning Coordinator Gibbons advised that she would discuss coordinating the purchase and placement of a monitoring buoy with other members of the Tahoe Water Suppliers Association at its next meeting. District Water Quality Control Technician Fischer advised that the District constantly monitors the water quality and turbidity at each of the District's intake lines.

Utility Operations Department Report

Operations and Engineering Manager Stelter gave the Utility Operations Department report on behalf of Utility Operations Manager Begin, reporting that the department was unable to perform scheduled maintenance on its heavily used sewer mains known as holiday lines due to an inability to access the lines within the Kings Beach Commercial Core Improvement Project. He noted about fifteen water main leaks repaired by the Operations crews over the past month. He described treatment plant operations and upgrades noting the District's efforts to continually improve and keep the facilities well equipped and operational.

NEW BUSINESS

Grant Right of Entry and Necessary Easements to California Pacific Electric Company (d/b/a Liberty Utilities) for Electrical Utility Facilities and AT&T for Communication Facilities for Utility Relocations to Serve the District's Corporation Yard

This item was tabled until a future meeting.

Appoint Recreation and Parks Commissioner to Vacant Seat on the Commission

Park and Facilities Manager Towner addressed the Board recommending applicant, Greg Righellis for the open Commission seat and advising that Alternate Commissioner Berger had requested to remain an alternate rather than taking the open seat. Mr. Righellis is a member of the community from Tahoe Vista who applied for the seat after the District advertised in May, and has attended all possible meetings of the Commission since it was re-established.

MOTION: Upon motion by Director Daniels and second by Director Thompson, the Board voted unanimously (5-0) to appoint Mr. Righellis to the Recreation and Parks Commission.

GENERAL MANAGER/CEO COMMENTS

General Manager Schultz noted that the District's Annual Employee Appreciation Dinner is scheduled for December 13th. He also invited the District Board to an annual open house at his home, hosted by the Schultz'.

BOARD OF DIRECTORS COMMENTS

The Board made no comments for consideration.

CORRESPONDENCE

Request for Use of North Tahoe Event Center for US Marine Toys for Tots Community Distribution Event on Friday, December 19th and Sunday, December 21st.

MOTION: Director Daniels moved to approve the request made by the US Marine Corps representative for the Toys for Tots Community Distribution Event. Upon second by Director Thompson, the Board voted unanimously (5-0) to approve the motion (5-0).

ADJOURNMENT

The meeting was adjourned to Closed Session at 7:40 p.m. for discussion of Item #5, Public Employee Performance Evaluation for General Manager Schultz. The Board reconvened in Open Session at 9:30 p.m. President Lewis reported that no action had been taken in Closed Session, and the Performance Evaluation of General Manager Schultz was continued to the December meeting.

There being no further business to come before the Board, the meeting was adjourned at 9:30 p.m.

Marianne J. Potts
Board Secretary