

**MINUTES OF REGULAR 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 12, 2012

CALL TO ORDER/ESTABLISH QUORUM

The Regular Meeting of the North Tahoe Public Utility District Board of Directors was held on Tuesday, June 12, 2012 at the North Tahoe Event Center in Kings Beach, California. President Lewis called Closed Session to order at 8:30 a.m. Present were Directors Mooney, Bergmann, Daniels, Ferrell, and President Lewis. A quorum was established.

CLOSED SESSION AGENDA

Pursuant to Government Code, the Board of Directors held a closed session to discuss the following listed items:

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Discussion pursuant to subdivision (a) of Section 54956.9. Name of case: North Tahoe Public Utility District vs. The Garwood Building. Director Mooney recused himself from this discussion.
2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Discussion pursuant to subdivision (a) of Section 54967.9. Name of case: Stuart Corvin v. North Tahoe Public Utility District, et al.
3. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
Discussion pursuant to subdivision (b) of Section 54956.9. Number of cases: Two (2)
4. 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 Parties: State of CA. Under Negotiation: Terms of Agreement.

No action was taken during Closed Session.

PLEDGE OF ALLEGIANCE

President Lewis called Open Session to order at 9:58 a.m. Director Daniels led the Pledge of Allegiance. Director Ferrell left the meeting at 9:45 a.m. during Closed Session, and arrived during Open Session at 11:25 a.m.

Staff in attendance were General Manager/CEO Schultz, Chief Financial Officer Marple, Parks and Facilities Manager Long, Planning and Engineering Manager Stelter, Construction Administrator Butterworth, Systems and Mapping Coordinator Berry, Contracts and Planning Coordinator Gibbons, Sr. Financial Analyst Rosenthal, Utility Operations Manager Begin, Executive Assistant Lefrancois, and Board Secretary Potts. Counsel Eskind was also in attendance.

REVIEW OF AGENDA: No changes or additions were made to the agenda.

PUBLIC FORUM (10:00 a.m.): Ron Treabess, Community Planning Director for the North Lake Tahoe Resort Association (NLTRA), addressed progress made on the proposed water shuttle between Kings Beach and Tahoe City. He stated that the Resort Association is awaiting changes to the agreement being requested by the District in order to move forward. The NLTRA has received a permit for operation from Tahoe Regional Planning Agency, has agreements in place with all private dock owners, and the agreement to build the shuttle is also in place.

President Lewis expressed the Board's support of water borne transit, and desire to participate in the shuttle, and directed Counsel and General Manager Schultz to meet with Mr. Treabess to work out the agreement.

There being no further public to address the Board on items not on the agenda, Public Forum was closed at 10:05 a.m.

CONSENT CALENDAR: The following consent calendar items were approved.

1. Approve Accounts Paid in the amount of \$327,550.13 and Payable in the amount of \$252,041.89, with conflicts for Directors Bergmann and Mooney in the amount of \$19,799.53, for the period from May 8, 2012 to June 11, 2012
2. Approve Minutes of the May 8, 2012 Regular Board Meeting and May 15, 2012 Special Board Meeting
3. Authorize General Manager to Execute Intergovernmental Grant Administration Agreement with South Tahoe Public Utility District for Proposition 84 Grant for Water Conservation
4. Authorize General Manager to Sign Engagement Letter with Damore Hamric & Schneider, Inc. for Annual Audit for Fiscal Year Ending June 30, 2012
5. Authorize General Manager to Execute Agreement with Placer County for Beach and Facilities Maintenance
6. Authorize General Manager to Execute Intergovernmental Grant Administration Agreement with South Tahoe Public Utility District for the 2012 United States Forest Service (USFS) Grant for Fire Protection
7. Adopt Resolution 2012-15 Authorizing Maintenance Agreement with California Department of Transportation (Caltrans) for Tahoe Vista Recreation Area Phase 2B Accessory Parking Project. Staff requested a revision to Item E7 for approval without a resolution after Caltrans provided clarification of action needed.

Director Mooney asked to discuss items E3, E5, and E6 from the Consent Calendar. Discussion on the aforementioned items follows:

E3: Contracts and Planning Coordinator (CPC) Gibbons explained terms of the water conservation grant agreement, noting that the District would be reimbursed for any up-front expenses. Participation in the grant gives the District the opportunity to reduce water consumption as required by upcoming "20% by 2020" State legislation. This item was left on the calendar.

E5: Director Mooney inquired about the annual revenues to the District for the agreement with Placer County which reimburses the District for maintenance services at the Kings Beach Library, Griff Creek, and Secline, Speedboat and Moondunes Beaches. Park and Facilities Manager Long advised that revenues had increased by 1.5% from the previous agreement.

E6: CPC Gibbons responded to an inquiry about the terms of the USFS Grant for fire protection. Terms remained similar to previous fire protection grants, requiring a 50% match from the District.

E7: CPC Gibbons noted that the recommendation remained in place to enter into a maintenance agreement with Caltrans for the Tahoe Vista Recreation Area Phase 2B Accessory Parking Project, however, the previous request to do so by Resolution was being withdrawn. Board action is sufficient for the requirements of the agreement.

MOTION: All items discussed remained on the Consent Calendar, with the noted change to E7. A motion to approve the Consent Calendar as amended, was made by Director Bergmann and seconded by Director Daniels. The motion carried by Roll Call (4-0) with noted conflicts for Directors Mooney and Bergmann for accounts paid and payable. Director Ferrell was not present for the vote.

Request for use of conference room at the North Tahoe Event Center by Tahoe Resource Conservation District (TRCD) on June 28th

This item was taken out of order in order to accommodate Tahoe Resource Conservation District representative, Courtney Walker. She advised the Board that the TRCD is looking for local community input. The event surrounds an environmental theme, and involves a barbecue, children's activities, and other aspects to engage the community. The Board inquired about additional expense for use of the building, and Park and Facilities Manager Long noted that it would take place on a Tuesday evening at which time the Event Center is staffed.

MOTION: Director Daniels motioned to approve the request for use of necessary rooms at the Event Center by the TRCD for the community event. Upon second by Director Mooney, the motion carried (4-0) with Director Ferrell absent.

MANAGEMENT TEAM INFORMATIONAL UPDATES

Management Services Department Report

a. Review and Discuss Monthly Financial Statement through April 2012

b. Treasurer's Report

Chief Financial Officer (CFO) Marple stated that most budget expenses remained within the year to date projections. One difference had been created by the requirement of more water meters than anticipated during the fiscal year due to recent lead-related Federal legislation.

CFO Marple addressed increased cash "available to spend" itemized on the Treasurer's Report, noting that the balance had increased over previous months.

Parks and Facilities Department Report

Park and Facilities Manager (PFM) Long advised of upcoming events including the Iron Man Triathlon scheduled for September 2013 and four subsequent years which will require use of the Kings Beach State Recreation Area and the North Tahoe Event Center. She stated that the Dollar Creek Bicycle Trail draft document was available for comments which are due by June 6th. President Lewis requested that the

Recreation and Parks Committee review the document with PFM Long in order to provide the District's comments by that date.

Planning and Engineering Department Report

Contracts and Planning Coordinator (CPC) Gibbons explained that bid documents for the Tahoe Vista Recreation Area Accessory Parking Project were out, and had received much interest. She will be requesting award at a Special Board Meeting at the end of the month, tentatively June 28th, in order to meet the construction schedule for the project. She updated the Board on other current projects addressed in the departmental report.

Utility Operations Department Report

Utility Operations Manager Begin addressed the Board highlighting progress being made on the Rim Drive Water Line Project being completed in-house by District crews. He also addressed customer correspondence in the packet thanking employees Robin Runyon and Ken Fischer for their excellent customer service, and the letter from Judy Layton regarding fire service regulations. He explained that he had been working with Ms. Layton to help her resolve the problem she was experiencing with her commercial fire sprinkler service at 8331 North Lake Boulevard which he believed to be a problem with the pressure regulator on the customer's fire service line.

OLD BUSINESS

Base Facilities Funding Discussion

CFO Marple presented funding options for base facilities while considering District water rates, and noting that bond rates are currently lower than bank rates for borrowing. He stated that bond rates are in the high 3% to low 4%, with bank rates around 5%. President Lewis asked for the District to continue to check for funds in all available markets, including State moneys, and recommended that CFO Marple meet with the District's financial advisor, Northcross Hill and Ach. CFO Marple presented payback schedules based on current bond and bank rates, considering 15 and 30 years, and inquired about the principal amount the Board intends to finance.

NEW BUSINESS

Adopt Resolution 2012-14 authorizing a one year collective bargaining agreement with the International Union of Operating Engineers, Stationary Engineers Local 39, AFL-CIO covering the General Employees Unit.

Directors Daniels and Ferrell discussed the negotiated proposal which provides for a one year agreement which includes a 2.7% Cost of Living Allowance, an in-house salary survey versus a survey prepared by consultants, and combining of the current memorandums into one. It was determined by the committee that the proposed agreement allows for no net expense increase for the current year because of the savings for the commitment by the District to perform a salary survey in the 2008-2011 agreement, and the negotiating team conferring without the expense of labor counsel.

It was noted that the in house salary survey would not be binding, but would be used as a tool for negotiations for the next agreement. The Board gave direction for next year's negotiations to be brought before the full Board for direction prior to taking items to the Committee.

General Manager Schultz stated that he would like to move forward with the proposed agreement. He noted that labor costs for the Draft 2012/2013 Fiscal Year Budget are .4% less than the current fiscal year inclusive of the 2.7% cost of living increase provided for in the agreement.

MOTION: Motion was made by Director Bergmann and seconded by Director Daniels to Adopt Resolution 2012-14 authorizing a one year collective bargaining agreement with the IUOE Stationary Engineers Local 39 effective July 1, 2012 through June 30, 2013. The motion carried by roll call vote (4-0) with Director Ferrell absent.

Adopt Resolution 2012-11 establishing a General Fund Appropriations Limit for Fiscal Year 2012/2013.

CFO Marple stated that adoption of an appropriations limit is a regulatory issue which the District establishes annually in compliance with the law. He showed that the District is well under the limit by approximately 5 million dollars.

MOTION: Upon motion by Director Daniels and second by Director Mooney, the Board voted to adopt Resolution 2012-11 establishing a General Fund Appropriations Limit for Fiscal Year 2012/2013. The motion carried by roll call vote (4-0) with Director Ferrell absent.

Approve Resolution 2012-12 adopting the District's Annual Operating Budget for Fiscal Year 2012/2013.

CFO Marple noted that the Finance Committee had met to review a second draft budget on May 25th and any changes requested had been made in the draft budget presented to the Board. The committee members both recommended the budget as presented.

MOTION: Motion was made by Director Bergmann and seconded by Director Mooney to approve Resolution 2012-12 adopting the North Tahoe Public Utility District Annual Operating Budget for Fiscal Year 2012/2013. The motion carried by roll call vote (4-0) with Director Ferrell absent.

President Lewis called for a short break at 11:20 a.m. The meeting reconvened at 11:25 a.m. Director Ferrell returned to the meeting and was present after the break.

Adopt Resolution 2012-13 adopting the District's Annual Capital Improvement Program (CIP) Budget for Fiscal Year 2012/2013

CFO Marple presented the CIP for 2013 through 2017, noting that the Sewer Department would be in the black by 2016, and the Water Department will be positive by 2014. Specific projects related to the District's responsibilities within the upcoming Kings Beach Commercial Core Project were discussed, as well as the reprioritization of capital projects due to the expenses related to coordination with other local agencies.

After discussion, the funding held in Fund 29/Department 0800 for the Base Facilities Construction was removed from the CIP for Fiscal Year 2012/2013. During the discussion, community member, Phil Thompson commented on the base facilities project, noting that the proposed cost had increased by a million dollars over the

course of months of discussion. He also recommended enclosure of the pole barn being constructed for District vehicles, advising that enclosing the structure vs. building it with a roof and two sides would prevent snow from accumulating on the vehicles during the winter better serving the purpose of the building.

MOTION: Motion was made by Director Bergmann and seconded by Director Mooney to approve Resolution 2012-13 adopting the North Tahoe Public Utility District's Annual Capital Improvement Program Budget for Fiscal Year 2012/2013. The motion carried unanimously by roll call (5-0).

Task Order 004 with Black and Veatch for National Avenue Water Treatment Plant Improvement Project Phase 2 (#1220)

Director Ferrell noted that he had reviewed the task order at the Operations and Planning Committee meeting held prior to the Board meeting, and recommended approval.

MOTION: Director Ferrell moved to approve Task Order 004 with Black and Veatch for the National Avenue Water Treatment Plant Improvement Project Phase 2 (#1220). Upon second by Director Daniels, the motion carried unanimously (5-0).

GENERAL MANAGER AND BOARD OF DIRECTORS COMMENTS

A special meeting was requested by staff for June 28th. A change of the regular meeting date for July to the third Tuesday was discussed. President Lewis requested that Secretary Potts poll the Board members in order to obtain a quorum for each of the suggested dates. Both dates were confirmed.

President Lewis thanked staff for their diligent work in completing the annual operating budget and capital improvement program budget.

CORRESPONDENCE

District correspondence was presented to the Board in the meeting packet, and was discussed earlier in the meeting during departmental reports.

ADJOURNMENT

There being no further business to be considered by the Board, the meeting was adjourned at 12:15 p.m.

Marianne Potts
Board and Records Secretary