

**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, October 11, 2011
8:30 A.M. Closed Session
9:30 A.M. Open Session**

CALL TO ORDER/ESTABLISH QUORUM

The Regular Meeting of the North Tahoe Public Utility District Board of Directors was held on Tuesday, October 11, 2011 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 Bergmann, Mooney, 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 the discussion.
2. CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
Discussion pursuant to subdivision (b) of Section 54956.9. Number of cases: One (2)

Upon adjourning to Open Session, President Lewis reported that no action was taken during Closed Session.

PLEDGE OF ALLEGIANCE

President Lewis called Open Session to order at 9:35 a.m. Director Daniels led the Pledge of Allegiance.

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

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

PUBLIC FORUM (TIMED ITEM 9:35 a.m.): No members of the public were present to address the Board, therefore Public Forum was closed at 9:36 a.m.

CONSENT CALENDAR

1. Approve Accounts Paid in the amount of \$379,485.36 and Payable in the amount of \$240,869.56 for the period from September 13, 2011 to October 10, 2011 with conflicts for Directors Bergmann and Mooney in the amount of \$4,375.60.
2. Approve Minutes of the September 13, 2011 Regular Board Meeting and September 27, 2011 Special Board Meeting.

Director Mooney identified a correction on page 2 of the September 13, 2011 Draft Minutes related to the vote which was to be corrected by Board Secretary Potts before finalizing the September minutes.

MOTION: Upon motion by Director Daniels and second by Director Bergmann, the Board voted to approve the Consent Calendar with change to September 13th minutes, and noted accounts paid and payable conflicts for Directors Bergmann and Mooney. The motion carried unanimously (5-0) by Roll Call vote.

MANAGEMENT TEAM INFORMATIONAL UPDATES

Parks and Facilities Department Report

Park and Facilities Manager Long responded to Director Mooney's question about a review of the maintenance services contract held with California Tahoe Conservancy staff, and reported no major changes. She reported that courtesy dock adjustments at the Tahoe Vista Recreation Area were being completed in house. President Lewis asked for consideration of a change to the grade on a steep trail within the North Tahoe Regional Park made possible by the current fuels reduction project being completed in the park.

Planning and Engineering Department Report

Contracts and Planning Coordinator Gibbons updated the Board on current projects. She addressed the unavailability of bypass ramps for the Carnelian Force Main Valve Project due to court-mandated inspections being completed by Pacific Gas and Electric in the San Francisco Bay Area.

Construction Administrator Butterworth responded to President Lewis' inquiry regarding an operational problem at the Secline pump station due to a plug which melted because of a substance entering the sewer system, and reported that the station would be operational within a week, and the entire rehabilitation of the station complete within a month.

Management Services Department Report

a. Review and Discuss Monthly Financial Statement through August 2011

b. Treasurer's Report

Chief Financial Officer (CFO) Marple responded to a question on the August 2011 Financial Statement from Director Daniels related to "Other Operating Expenses" within the Water Department. CFO Marple responded that the expenses shown were normal for the period covered. Director Bergmann requested that he be given numbers comparing the Kings Beach State Recreation Area (KBSRA) parking income for July and August 2010 and 2011. Director Mooney recommended an audit of the KBSRA Concessionaire income for the season.

General Manager Schultz advised the Board of a draft letter written by Counsel to State regarding ownership of the KBSRA. Due to the necessity to send the document to the State prior to the November meeting, as special legislation would be required in order to make this transfer, it was recommended that a Closed Session be added to the meeting in order to discuss negotiating this transfer.

MOTION: Upon motion by Director Bergmann and second by Director Daniels, the Board voted to add a Closed Session at the end of the meeting for *“Conference with Real Property Negotiators. Property: 8318 North Lake Blvd.; Kings Beach State Recreation Area. Agency Negotiator: General Manager Schultz. Negotiating Parties: State of California/Placer County. Under Negotiation: Terms of agreement. Discussion pursuant to Section 54956.8 of the Government Code”* to the agenda. The motion carried unanimously (5-0).

Utility Operations Department Report

Acting Utility Operations Manager Begin presented his report and responded to Director Ferrell’s request for a cost estimate for District response to water main leaks made at the September meeting. Staff had assessed its records over a period of five years, and found an average cost for response to be \$1,864. Director Ferrell thanked Manager Begin for the effort put into preparing this information.

Review and Continue Action regarding Emergency Replacement of Rim Drive Water Main

Planning and Engineering Manager Stelter updated the Board on the progress made. He stated that 850 feet of water main have been completed with hydrants and customer services still to be installed. Manager Stelter is very satisfied with the contractor, and the work will be continued through weekly extensions approved by Tahoe Regional Planning Agency, weather permitting. He stated that he will keep a close watch on the approved budget and will complete the project with District crews if necessary.

MOTION: After review, Director Ferrell motioned for the District to continue the emergency action taken for the replacement of the Rim Drive water main. Upon second by Director Daniels, the motion carried unanimously (5-0).

Public Forum (Reopened)

At this time, President Lewis reopened public forum in order to allow Mr. Duffield to speak to the Board regarding discussions held with General Manager Schultz related to responsibility for operation and maintenance of the Chinquapin sewer system. General Manager Schultz advised the Board that after an exhaustive search of District records by Counsel Eskind, it was determined that ownership begins at the D6 Satellite Station, and records indicate that the District does not have a legal obligation to maintain the onsite sewer system at Chinquapin. General Manager Schultz did not recommend taking on this additional responsibility at this time, or in the future.

Mr. Duffield addressed the Board stating that the District has been a great public partner for the Chinquapin Homeowner’s Association which does not desire to operate the system, but wants the District to operate the entire system, and encouraged the Board to consider obligation and safety, and how to move forward.

As no action could be taken, President Lewis directed staff to agendaize this for discussion at the next Board meeting after consideration by the Operations and Planning Committee. General Manager Schultz advised the Board that he would provide a copy of the District's records to Mr. Duffield for his review, and would continue working with the homeowners' association to provide for further discussion.

The reopened Public Forum was closed at approximately 10:20 a.m.

OLD BUSINESS

Base Facilities – Discussion and Possible Action

Chief Financial Officer Marple provided information regarding financial feasibility of replacement of the base facilities. Director Daniels debated determining financing of the building before considering the need for replacement of base facilities, but it was decided determination of need was the priority. President Lewis informally polled the Board regarding the need for the project, receiving affirmation (4-1) with Director Mooney dissenting that the project is necessary at this time.

Discussion followed that replacement of the base facilities has been looked at for a number of years and delayed for many reasons. It was discussed that the new building would replace up to six existing buildings, operational efficiency would be increased, compliance with Americans with Disabilities Act (ADA) would be achieved, and a potential energy savings of approximately \$65,000 would be realized. Director Ferrell recommended that the energy savings should be considered with the inclusion of a cost of living escalator, and stated that the current construction climate makes this a good opportunity to build.

Director Bergmann stated that he would like to see the District realize savings from operational efficiencies through aggressive capital replacement of older water lines which have created high labor and materials costs within the District. He would like to see the District move forward in partnership with other agencies in order to reduce costs for base facilities. He does not want the District to deplete its reserves for the project.

President Lewis recommends moving forward with the project. He sees building replacement as the biggest cost savings we can invest in, and states that he believes the District can move forward while working within the current rate structure because of the net savings of deferred maintenance, work force and operational efficiencies, energy savings, while adding the benefit to the public of having their needs met in a single structure rather than being routed between buildings.

General Manager Schultz indicated that the District needs to align its operational expenses and rate structure. President Lewis stated that the General Manager has indicated that he can work within the budget with a debt service of \$250,000 annually, and recommends funding from Sewer Reserves at 4% interest.

Director Daniels stated that the District should move forward with the project now if we plan to be operating in ten years.

MOTION: Director Bergmann motioned that the Board vote to establish concurrence with the need for replacement of base facilities within the next five

to seven years. Upon second by Director Ferrell, the Board voted (4-1) that the building replacement is needed within this time frame (Director Mooney dissenting).

General Manager Schultz recommends that the District should conservatively complete the planning process in order to capture the value of what we have already spent and utilizing the budgeted expenditure to complete planning and design. Director Ferrell concurred that the District should selectively proceed with something usable in the future after the method and amount of financing is determined.

MOTION: Director Ferrell motioned that the District proceed with design, authorizing issuance of a task order to include soils report, survey, civil engineering and architectural planning for replacement base facilities up to a budget amount of \$80,000. Upon second by Director Daniels, the motion carried (4-1) by roll call vote (Director Mooney voting no).

Authorize General Manager to Execute Intergovernmental Grant Agreement with South Tahoe Public Utility District

Contracts and Planning Coordinator Gibbons informed the Board that this agreement is the same grant agreement has been executed with South Tahoe P.U.D. for the last few years as a part of the Lake Tahoe Federal Restoration Act, and funding through the grant has provided for additional fire hydrants in Carnelian Bay West, and has offset costs for the Zone 2 and Zone 1 water tanks. Congress approved one million for all public water purveyors in the Lake Tahoe Basin, and the District's portion of the grant funding is \$112,781 based on the number of water connections. The moneys received will be used to offset costs for the National Avenue Water Treatment Plant Project, Phase 1.

MOTION: Director Daniels motioned to authorize the General Manager to enter into the Intergovernmental Grant Agreement. Upon second by Director Bergmann, the motion carried unanimously (5-0).

NEW BUSINESS

Consider Request for Gratis Room Rental at North Tahoe Event Center from Tahoe City Rotary Club for Career Day Program

Park and Facilities Manager Long recommends donating the space to the Rotary Club. The District has done so in the past, and the program has been well attended by local high school students, and well received. Discussion led to direction from the Board to develop a formal donation policy for use of the Event Center, ball fields, and facilities.

MOTION: Upon motion by Director Daniels and second by Director Ferrell, the Board voted unanimously (5-0) to allow the Tahoe City Rotary Club to use the building space required to provide for the Career Day program.

GENERAL MANAGER/CEO COMMENTS

General Manager Schultz stated that he was appointed as General Manager by the Board six months ago, and requests an evaluation sometime during the next three months. The Board directed the ad hoc Personnel Committee to develop a format for the General Manager's evaluation.

CORRESPONDENCE

The correspondence was reviewed and commented upon by the Board.

BOARD OF DIRECTOR'S COMMENTS

Specific to the correspondence written to Governor Brown regarding SB 293, it was noted that the bill had passed and would become law which now allows only 5% retention to be held instead of the former 10%. Contracts and Planning Coordinator Gibbons noted that the District's bid documents would be scrutinized to ensure no losses to the District due to this decrease in funds held for retention upon completion of a project.

There being no further business to consider in Open Session, the meeting was adjourned to Closed Session at 11:50 a.m. in order to discuss the emergency item added to the agenda.

CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS – Property: 8318 North Lake Blvd. (Kings Beach State Recreation Area). Agency Negotiator: General Manager Schultz. Negotiating Parties: North Tahoe Public Utility District and California State Parks/California Tahoe Conservancy/Placer County. Under Negotiation: Terms of Agreement. Discussion pursuant to Section 54956.8 of the Government Code.

Upon adjourning to Open Session, the Board reported the following action taken:

MOTION: Motion was made by Director Ferrell and seconded by Director Daniels to authorize General Manager Schultz to act as the District's Real Estate Negotiator, and enter into negotiations with California State Parks, the California Tahoe Conservancy, and Placer County as it relates to the Kings Beach State Recreation Area. The motion carried unanimously (5-0).

ADJOURNMENT

There being no further business to be considered by the Board, the meeting was adjourned at 12:45 p.m.

Marianne Potts
Board and Records Secretary