

**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, December 13, 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, December 13, 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, Daniels, Ferrell, Mooney 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: Two (2)
3. 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. Under Negotiation: Terms of Agreement. Discussion pursuant to Section 54956.8.
4. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION.  
Discussion pursuant to subdivision (a) of Section 54956.9. Name of Case: Cris Connolly vs. North Tahoe Public Utility District, et al.

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 9:30 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, Human Resources Specialist Keechler, and Board and Records Secretary Potts. Counsel Eskind was also present as was CPA Ron Ley of Damore Hamric Schneider Inc.

**REVIEW OF AGENDA:** No changes were made to the agenda, although items were taken out of order for the convenience of the public.

**PUBLIC FORUM (TIMED ITEM 9:35 a.m.):** No members of the public were present to address the Board on items not on the agenda. Public Forum was closed at 9:36 a.m.

### **CONSENT CALENDAR**

1. Approve Accounts Paid in the amount of \$837,699.18 and Payable in the amount of \$206,052.04 for the period from November 8, 2011 to December 12, 2011 with potential conflicts for Directors Bergmann and Mooney in the amount of \$18,403.41.
2. Approve Minutes of the November 8, 2011 Regular Board Meeting.
3. Authorize General Manager to File Notice of Completion for the C-1 Wet Well and Dry Well Modifications Project (#1115)
4. Authorize General Manager to Execute Professional Services Agreement with Tieslau Civil Engineering for Tahoe Vista Recreation Area Parking Lot (#0823)

Director Ferrell requested discussion of Consent Calendar Item #4. Park and Facilities Manager Long stated that the agreement was for time and materials and that they would closely monitor the tasks and hours. Planning and Engineering Manager Stelter stated that he was concerned about public opposition to the project and requested that the consultant included sufficient hours in their scope, and asked that it be broad enough to address any contingency. General Manager Schultz recommended that the contingency items be taken from the tasks and placed in a separate task (Task 6). President Lewis stated that if more funds are needed, it may be taken back to the Board for approval.

**MOTION:** Upon motion by Director Ferrell and second by Director Daniels, the Board voted to direct staff to negotiate with Tieslau Civil Engineering Inc. for the completion of proposed tasks 1 through 5 at a cost not to exceed \$40,000 for the Tahoe Vista Recreation Area Phase 2B – Design and Permitting/Expanded Scope of Work (Revised). If an agreement is reached continue working with the Consultant, however, if it is not possible to reach an agreement for the proposed work to be completed at a cost not to exceed \$40,000, staff is directed to seek a Professional Services Agreement with another qualified consultant. The cost for construction phase services were approved as presented in the amount of \$46,339. Tieslau Civil Engineering, Inc. was to be retained as Design Engineer for the project. The motion carried with three (3) ayes (Directors Ferrell, Daniels and Lewis), and one no (Director Bergmann) with Director Mooney abstaining due to conflict of interest.

The topic was readdressed, and it was decided to rescind the motion passed previously, and restate it as follows:

**MOTION:** Upon motion by Director Ferrell and second by Director Daniels, the Board voted to rescind and restate the motion, directing staff to negotiate with Tieslau Civil Engineering Inc. for the completion of proposed tasks 2 through 5 at a cost not to exceed \$40,000 for the Tahoe Vista Recreation Area Phase 2B – Design and Permitting/Expanded Scope of Work (Revised). If an agreement is reached continue working with the Consultant, however, if it is not possible to

reach an agreement for the proposed tasks 2, 3, 4 and 5 to be completed at a cost not to exceed \$40,000, staff is directed to seek a Professional Services Agreement with another qualified consultant. The cost for Environmental/Updated Special Studies proposed as task 1, and for Construction Phase Services were approved as presented, with Tieslau Civil Engineering, Inc. to be retained as Design Engineer for the project. The motion carried with three (3) ayes (Directors Ferrell, Daniels and Lewis), and one no (Director Bergmann) with Director Mooney abstaining due to conflict of interest.

**10:00 a.m. TIMED ITEM – INDEPENDENT AUDITOR’S REPORT: Fiscal Year 2010-2011. Item was discussed at 10:45 a.m.**

Certified Public Account, Ron Ley of Damore Hamric Schneider Inc. was present to address the Board on the independent audit performed for Fiscal Year 2010-2011. He stated that he would be offering an opinion on management statements, and indicated that his audit confirmed that the management statements fairly present the state of the District. Mr. Ley also noted that because Federal funding during the 2010-2011 Fiscal Year exceeded \$500,000, the audit was performed with increased scrutiny as required by Governmental Standards and the Single Audit Act.

A general discussion was held regarding the departmental statements. President Lewis recommended that staff perform an audit of the District’s concessionaire at the Kings Beach State Recreation Area before exercising the option to extend the agreement for an additional year of month to month operation.

Mr. Ley noted that the audit showed no compliance issues, no significant deficiencies or material weaknesses were found.

President Lewis declared a short adjournment at 11:15 a.m. and the meeting resumed at 11:20 a.m.

**11:00 a.m. TIMED ITEM – BOARD WORKSHOP: Five Year Focus (11:20 a.m.)**

Chief Financial Officer (CFO) Marple gave a presentation focused on the District’s reserves, property taxes, debt service, Capital Improvement Plan (CIP) and a budget deficit.

He stated that the Finance Committee recommends that the District doubles the amount held in the Sewer Department Reserves, but no change to Water and Recreation Department Reserves.

It was also recommended by the Finance Committee that the District utilizes available Sewer funds for new base facilities with the Sewer Department owning the building, and charging rent to the Water Department, with Recreation use of the building considered to be minimal.

It was discussed, and the Board directed General Manager Schultz to pursue a new operating agreement with State Parks which will allow any income gained at the KBSRA to be utilized at other facilities within the Parks Department.

CFO Marple clarified a slide presented showing that currently the District has been using only Sewer Replacement Fees for Capital projects. President Lewis believed that the District's Sewer Reserves would be used for future capital projects.

CFO Marple addressed challenges with the District, citing a limited amount of discretionary income, sustaining an aging system, a highly regulated industry, no growth and bad economy, a small number of customers and different customer bases within sewer, water and recreation, inflation on expenses exceeding revenue increases, and the cost of maintaining facilities built with grant revenue. He noted that the current adopted budget for 2011-2012 shows deficit spending, and the 2012-2013 budget would be addressing these deficits.

Director Ferrell indicated that he was comfortable designating available funds only to the minimum reserve level set by the Board for replacement of base facilities.

Discussion included the option of seeking lending from a small local bank, delaying borrowing by utilizing reserves, selling assets not needed by the District such as the Stoker Property, and to designate 2.5 million to the building from Sewer funds. The cost of the building has not yet been determined. President Lewis stated that he believes that building costs will increase by 20%-30% by 2014 and hopes to begin construction by June of 2013.

Consensus of the Board was given to designate 2.5 million from the funds available above minimum reserves levels within the Sewer Department to the construction of base facilities.

The Board Workshop adjourned at 1:00 P.M.

**CONSENT CALENDAR:** Consent Calendar Items #1, 2 and 3 were approved by a roll call vote.

**MOTION:** Motion to approve the Consent Calendar items 1, 2, and 3 was made by Director Daniels. Upon second by Director Ferrell, the motion carried unanimously (5-0) by roll call vote with the noted possible conflicts for Directors Bergmann and Mooney for accounts paid and payable.

---

## **MANAGEMENT TEAM INFORMATIONAL UPDATES**

### **Management Services Department Report**

#### **a. Review and Discuss Monthly Financial Statement through September 2011**

#### **b. Treasurer's Report**

Chief Financial Officer (CFO) Marple presented the Financial Statement and Treasurer's Report. No comments were made.

### **Parks and Facilities Department Report**

Park and Facilities Manager Long noted that the recent community tree lighting was very successful and well attended with the help of the Boys and Girls Club. President Lewis wanted her to consider utilizing revenues from the Kings Beach State Recreation Area for expenses at the Event Center should any be warranted.

## **Planning and Engineering Department Report**

Contracts and Planning Coordinator Gibbons updated the Board on current projects indicating that the new water tank at Zone 1 is ready to be placed on line. She reported that discussions had begun regarding the Placer County commercial core project related to utility relocations. Construction will begin mid-May, and the County has been advised that the information they have provided is insufficient for the District to move our facilities. Only water service has been addressed to date.

## **Utility Operations Department Report**

Acting Utility Operations Manager Begin responded to the Board's request for a report on unaccounted for water which has gone down substantially since recent Capital line replacements were completed, and is saving the District chlorination and pumping costs for up to 223,000 gallons per day. Acceptable root treatments approved by the Tahoe Truckee Sanitation Agency were discussed.

## **OLD BUSINESS**

### **Clarification of Compensation in Lieu of Vesting versus Employee Retention**

The action taken in November to provide compensation in lieu of vesting for participants employed at the time the plan changed from the Money Purchase Pension Plan to CalPERS was reviewed. The affected employees make up a limited subgroup who were employed on the date of the change, who will be 55 and leave the District's employ before vesting with CalPERS. These employees, who generally have been with the District for long periods of time, have considerable experience and operational knowledge and it is in the public interest and public benefit to provide a program to bridge the new vesting period to encourage employee retention. It was noted by President Lewis that the incremental cost difference would be captured by the District when paying a salary at a beginning step versus an existing salary at a higher step.

## **NEW BUSINESS**

### **Consider Claim against District – Stewart Corvin (3730 North Lake Boulevard)**

Counsel Eskind reviewed the claim against the District for the Board. Discussion was held regarding the items within the claim presented.

**MOTION: Motion was made by Director Bergmann and seconded by Director Mooney to deny claim items (a) and (c) as described in Paragraph 10 of the Amended Claim filed by Stuart Corvin. The motion carried unanimously (5-0).**

**MOTION: A second motion was made by Director Bergmann and seconded by Director Mooney to determine that claim items (b) and (d) as described in Paragraph 10 of the Amended Claim filed by Stuart Corvin were not timely filed, and shall be returned without further action. The motion carried unanimously (5-0).**

## **BOARD ORGANIZATIONAL MATTERS**

The Board took action to establish the Regular Meeting dates for 2012 as the second Tuesday of each month at 8:30 A.M., with an exception noted for January 2012 which will be postponed to the third Tuesday of January.

Officers for 2012 were named by the following action:

- President: Director Lewis
- Vice President: Director Bergmann
- Secretary: Director Mooney

Committee assignments for 2012 are as follows, including the addition of a Personnel Committee to committee assignments:

- Finance Committee: Directors Mooney and Bergmann
- Development and Planning Committee: Director Ferrell and President Lewis
- Recreation and Parks Committee: Directors Daniels and Bergmann
- Personnel Committee: Directors Ferrell and Daniels
- Tahoe-Truckee Sanitation Agency Representation: President Lewis
- Placer County Joint Powers Agreement: President Lewis and General Manager Schultz

**MOTION: Upon motion by Director Mooney and second by Director Ferrell, the Board voted unanimously to establish meeting times, District officers, and committee assignments as noted above for 2012 (5-0).**

#### **CORRESPONDENCE**

The request from the Chinquapin Homeowner's Association to postpone the sewer line discussion until April 2012 was agreed to by the Board.

#### **GENERAL MANAGER AND BOARD OF DIRECTORS COMMENTS**

No further comments or discussion.

#### **ADJOURNMENT**

There being no further business to be considered by the Board, the meeting was adjourned at 1:55 p.m.

Marianne Potts  
Board and Records Secretary