

**ALPINE SPRINGS COUNTY WATER DISTRICT
MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING**

Pursuant to notice given, the regular meeting of the Board of Directors, Alpine Springs County Water District, was held Friday, July 9, 2004 at 8:30 a.m., District Board Room, 270 Alpine Meadows Road.

1. CALL TO ORDER

President Bass called the meeting to order at 8:30 a.m.

PLEDGE OF ALLEGIANCE

Those attending joined in reciting the Pledge of Allegiance.

ROLL CALL

Directors Present: Tom Bass, President; Barbara Danz, Vice President; Janet S. Grant; Jon Northrop; Tony Stefani

Directors Absent: none

Staff Present: John Shaw, P.E. of John Shaw Consulting, LLC, District General Manager; Jancis Martin, Recording Secretary

Guests Present: Virginia Quinan/JMA; Ed Condren/BCA; Gail Condren/BCA; Duane Whitelaw/North Tahoe Fire Protection District

2. PUBLIC PARTICIPATION

Virginia Quinan asked about the status of chlorination in the District. Director Stefani responded that the water supply was currently still undergoing chlorination and that the Administrative Committee met and spoke about the issue with District staff this month. He mentioned that a particular County regulator was being more stringent working with District staff than what has occurred in the past in terms of enforcing coliform treatment. Director Stefani said that District staff was using the minimum amount of chlorine necessary to comply with County requirements. He also said that he used a chlorination testing kit at his house and was unable to detect chlorine there.

3. ITEMS FOR BOARD DISCUSSION & ACTION

A. Financial Report:

- i. **Expenses Paid & Payable – July 6, 2004 (Mike Dobrowski, District CPA, was available by phone during this portion of the meeting):** Director Grant asked about some of the payables (specifically, about checks to Michael Dobrowski, ISS-Wonderware, Damore/Hamric/Schneider) and Mail Boxes, Etc.) and received satisfactory responses from Manager Shaw. Director Grant made a MOTION that the Board approve the Expenses Paid & Payable. Director Danz seconded the motion but amended the motion to approve all checks with the exception of check #2424 in the amount of \$101.40 to the Sacramento Bee. All Directors being in favor, the motion as amended was APPROVED.
- ii. **Financial Statement – June 30, 2004:** Director Danz commented that the report will have some modifications made to numbers before it comes out again next month.
- iii. **Investment Report – June 30, 2004:** No discussion.

B. Approval of Minutes:

- i. **June 11, 2004 Regular Board Meeting:** Director Danz suggested the following amendments:
 - The footer on all pages: replace “April 9” with “June 11”
 - Page 1, line 38: replace “March” with “May”

- Page 3, lines 7-10: replace the first sentence with “A few Alpine Meadows residents have attended planning meetings to date but won’t be able to participate in the development and operation of the center unless the District is included in the Joint Powers Authority (JPA) that will be overseeing the facility.”
 - Page 3, line 12: replace “Members” with “One member”
 - Page 3, line 12: replace the comma with “ which will”
 - Page 3, line 27: replace the comma with a semi-colon
 - Page 3, line 33: after “JPA.”, insert the sentence “Sue Rae responded that 2/3 of all voters must approve the measure for it to pass.”
 - Page 3, line 34: delete “in the November election, ”
 - Page 3, line 50: replace “joins” with “votes to join”
 - Page 3, line 51 through Page 3, line1: replace “about the impact on the \$96 per year tax were Alpine Meadows to not” with “whether the \$96 per year tax would increase if Alpine Meadows did not”
 - Page 4, line 50: after “\$5K.”, insert the sentence “The draft plan also recommended that the District adopt a water conservation policy.”
 - Page 4, line 51: replace “plan” with “policy”
 - Page 5, line 6: replace “Plan” with “policy”
 - Page 6, line 3: replace “the questionable” with “these”
 - Page 6, line 6: replace “CSTA” with “the State Controller’s Office”
 - Page 6, line 12: replace “made” with “proposed”
 - Page 6, lines 46-48: replace the sentence with “This cost will include the shift of the property tax revenue currently spent on the Alpine Meadows fire department to NTFPD in addition to a tax of approximately \$86 per household per year.”
 - Page 7, line 8: replace “The threat from FEMA is that if” with “If”
 - Page 7, line 36: replace “membership on the JPA Board” with “affiliation with R3C as the facility’s proposed Executive Director”
 - Page 8, lines 14 and 15: replace “board” with “Board”
 - Page 8, line 16: replace “10” with “10:00”
- Director Grant made a MOTION that the minutes of the June 11, 2004 Regular Board meeting be approved as amended. All Directors being in favor, the motion was APPROVED.
- ii. **June 23, 2004 Special Board Meeting:** Director Danz made a MOTION that review of the minutes of the June 23, 2004 Special Board meeting be tabled to the next regular Board meeting. All Directors being in favor, the motion to table was APPROVED.

- C. **Placer County LAFCO draft Municipal Services Review report/presentation by Virginia Quinan:** Before starting her main presentation, Virginia recommended that the District continue its current progress in addressing concerns noted in the LAFCO report.

With respect to the LAFCO report and a meeting she had with LAFCO personnel, she said that she was concerned that there was no mention in the report of Squaw Valley putting in its own water treatment plant as a possible mitigation, rather than Alpine Springs County Water District

having to consolidate with Squaw. Virginia also objected to the concept of blending of waters as a mitigation effort. She expressed doubts about whether the Squaw Board would be diligent in responding to Alpine Valley issues if the districts merged. She pointed out that the District water supply is traditionally low in the summer months, rather than being as plentiful as promoted in the report. In her meeting with Scott Finley (executive officer of LAFCO), Virginia asked if LAFCO had the power to enforce the conclusions in the report; she felt that Scott was evasive until encouraged by Bill Bryner (a representative from Talmont, another meeting attendee) to answer the question directly.

If both of the special districts were to file an application for a change of organization, LAFCO could initiate the process but the commission would first have to hold public hearings with notification and dialog with the community. Once the process had been initiated, the county would determine the tax-sharing implications. In Scott's opinion, most likely the consolidation district would simply inherit the old property tax. Then public hearings would follow, per the Local Reorganization Act of 2000. The time to gather and submit protest petitions is about 45 days (can be as little as 15 days or as much as 60 days); therefore, public entities wishing to protest the consolidation of the two special districts (Alpine Springs and Squaw) must be organized and ready to take action in a timely fashion. In lieu of action by both governing boards, LAFCO might be able to mandate the consolidation.

The next LAFCO meeting is September 15 (a public hearing to review the amended LAFCO report, incorporating changes suggested by special districts); Virginia signed up for notification. Manager Shaw had not received a letter of notification about the meeting, despite Scott saying he'd notified all general managers involved. She doesn't feel the meetings have been well noticed; Scott told her that notices were placed in newspapers, posted on bulletin boards in libraries, and sent to general managers. Ed Condren pointed out that the Knox Act specifies that notification shall be to all property owners, but that if more than 1000 are involved, mailings can be suspended and postings can be used instead; nobody has seen any postings in Alpine Valley. Gail asked if Scott should be invited to the Alpine Meadows Valley-wide Meeting, scheduled for Saturday, September 4, at 9:30 a.m.; Virginia, as organizer of the Valley-wide Meeting, said it would be appropriate, since the LAFCO report recommended that the District better educate itself.

In general discussion, Director Northrop objected to the characterization of District infrastructure as being antiquated and therefore benefiting from the infusion of money involved with consolidation with Squaw. Director Stefani said the Valley-wide Meeting might be a good opportunity to point out to LAFCO that the District has made great strides toward addressing concerns in the report, that the District doesn't need over a million dollars in an operations and maintenance fund, and that the District is in better overall condition than indicated in the report. Director Danz agreed with Director Stefani, but felt the Board needs to be as prepared as possible to deal with the LAFCO issues as they play out. Specifically, she said, the

Board needs to get on notification lists for meetings and actions, needs to obtain legal opinion on how best to prepare the community to respond with petitions if necessary, needs to obtain opinion from legal counsel as to District standing with respect to a statute that might mandate future consolidation and needs to shore up financial resources. Director Northrop made a MOTION that the Board contact state representatives to let them know the Board's position on potential consolidation and to get advice from them on how to be prepared to deal with unexpected initiation of the consolidation. Director Stefani seconded the motion. All Directors being in favor, the motion was APPROVED.

In further discussion, Gail Condren expressed the opinion that the impetus behind the consolidation of Alpine and Squaw is to get Alpine to help pay for a water treatment plant for Squaw. There was general discussion about the future disposition and funding of fire services in Alpine Meadows. Chief Whitelaw suggested that John Moberly - a special districts' representative on LAFCO - be included in discussions on the topic of consolidation, and further suggested that one or both of the special districts' representatives be invited to the Valley-wide Meeting. President Bass said he felt that the District was in good shape to stand off consolidation but that mitigation of concerns might be costly. There was general discussion about whether to spend money on a legal opinion on how to fend off the potential consolidation. Director Danz asked Manager Shaw to talk to District counsel and find out the cost of obtaining legal opinion. Chief Whitelaw suggested that the Board request a free legal opinion from Scott Finley, who is also an attorney; the Board agreed (Manager Shaw will write the letter, President Bass will sign it).

There was general discussion about whether the Board has enough information to forecast future capital expenditures. Virginia asked if President Bass would be the representative from the Board at the Valley-wide Meeting; he said he would. President Bass said he would keep the topic of the LAFCO report on the Board's future monthly agendas.

(At this point the Board skipped to the Fire Committee Report.)

- D. **2004/05 Operating Budget – Distributed by Fund:** Director Danz made a MOTION that the Board adopt the 2004/2005 Operating Budget, distributed by fund. All Directors being in favor, the motion was APPROVED.
- E. **Ordinance 4-2004 Garbage Rate Increase:** Manager Shaw said that Proposition 218 requires that parcel owners be advised of proposed rate increases by mail at least 45 days in advance of a public hearing. The District is facing an increase in garbage collection rates. To implement the rate increase now would entail a mailing and public hearing and would hold up the yearly billing. The Budget & Finance Committee decided it would be best to do the upcoming yearly billing with the existing garbage rates, to wait and see what funding the District receives from the State, to do the mailing and public hearing at that point to implement the garbage rate increase as well as any water rate increase needed to make up any shortfall in State funding, and to make any rate increases retroactive at the next billing. Policy 2.11.0 will have to be revised. Manager Shaw suggested that the Board send the ordinance back to the Budget &

Finance Committee for further recommendation with regard to a future rate increase, along the lines presented here; President Bass so ordered.

- F. **Review of 2003/2004 Goals & Objectives - The Board will review and discuss the performance of the Board and the General Manager with regards to the approved Goals and Objectives:** Director Grant requested that this item be tabled until next month's Board meeting with an agenda item including the opportunity for a closed session; President Bass so ordered.

G. **Committee/Department Reports**

- i. **Administrative (Stefani):**
 - a. **Policy 4.4.0, Confidential Information:** Director Stefani made a MOTION that the Board remove Policy 4.4.0. Director Grant seconded the motion. All Directors being in favor, the motion was APPROVED.
 - b. **Policy 4.7.0, Public Access to Board Packages:** Director Grant requested a change in wording in the last paragraph under "Ends": replace redact with delete. Director Grant made a MOTION that the Board adopt Policy 4.7.0 as amended. All Directors being in favor, the motion was APPROVED.
 - c. **Policy 4.18.0, Water Treatment Policy:** This Policy was created in response to the difficult relationship between District staff and the new County overseer, regarding water treatment. The Policy puts the Board on record as preferring minimal treatment of water. Director Danz made a MOTION that the Board adopt Policy 4.18.0. All Directors being in favor, the motion was APPROVED.
 - d. **Next Meeting:** The next meeting has not yet been scheduled.
- ii. **Budget & Finance Committee (Danz):**
 - a. **June, 2004, Financial Reports:** No discussion (see Committee handout for details).
 - b. **Appointment of Treasurer:** Peter Murray from BCA has volunteered. He has an MBA, has been a CFO for a couple of companies, has owned his own company, is now retired, lives predominantly in the Bay area, is currently becoming certified as a financial planner and will provide monthly investment reports. The Committee is delighted and has had discussions with Peter about possible improvements in the District's investment portfolio; he has experience in cash planning, investment planning, and recapitalization planning. Director Danz made a MOTION that the Board approve the appointment of Peter Murray as Treasurer. Director Stefani seconded the motion. All Directors being in favor, the motion was APPROVED.
 - c. **Investment Policy:** Director Danz made a MOTION that the Board approve Policy 2.20.0. Director Grant has not yet reviewed the policy. Director Danz made a MOTION that discussion of the Policy be tabled to the next meeting. Without objection, the motion to table was APPROVED.
 - d. **Fraud Assessment Plan:** This Policy was tabled until the next meeting.

- e. **Capital Items Policy:** Director Danz made a MOTION that the Board adopt Policy 2.18.0. All Directors being in favor, the motion was APPROVED.
- f. **Refund Policy:** Director Danz made a MOTION that the Board adopt Policy 2.15.0. All Directors being in favor, the motion was APPROVED.
- g. **Expense Reimbursement Policy:** Director Grant suggested that the word "Directors" be inserted into the title of the Policy (there is a different Policy dealing with expense reimbursement for staff). Director Danz suggested that in the final paragraph of the Ends section, "only after submits of a summary" be replaced by "only after the Director submits a summary". Director Danz made a MOTION that the Board adopt Policy 2.14.0 as amended. All Directors being in favor, the motion was APPROVED.
- h. **Cash Reserves Policy:** This Policy is not yet ready for Board action; the Committee wishes the new Treasurer to review the Policy before it is brought to the Board.
- i. **Expense Reduction/Revenue Increase Strategy:** The Committee identified various cost savings measures: charging cleaning fees to groups who use District office facilities, eliminating the allocation for the Christmas party, eliminating the subscription to the Sacramento Bee, postponing the cleaning and televising of sewer lines, etc. Manager Shaw and the District accountant have started to contact other banks, comparing terms and fees and services so as to be in a position to handle the uncertain financial circumstances the District is facing in upcoming months. Board Members were encouraged to identify any other cost savings measures to the Budget & Finance Committee.
- j. **Board Pay Policy:** The wording of the Policy has remained the same as in the previous version of this Policy but many of the numbers have been reduced. Director Grant suggested the following amendment: in item 4, change "\$200" to "\$150". Director Danz made a MOTION that the Board adopt the Policy in the Board packet with the revisions handed out during the meeting and with the amendment to item 4. All Directors being in favor, the motion was APPROVED.
- k. **2004-2005 Recapitalization Set-aside:** The Committee recommended the District set aside 10% of revenues for recapitalization during the fiscal year 2004-2005. Director Grant asked whether the funds were in the budget to support the recommended set-aside; Director Danz answered in the affirmative. Director Danz made a MOTION that the Board set aside 10% of revenues for recapitalization during the fiscal year 2004-2005. All Directors being in favor, the motion was APPROVED.
- l. **Proposed Recapitalization, Capital and Special Projects:** The Committee received a list of proposed projects for next year. The Committee assigned categories to the projects: capital projects, non-capital special projects, and

recapitalization projects. The total cost is more than the budget allows for. So the Committee used the following criteria to produce a list of recommended projects for funding: necessary maintenance and upgrade of fixed assets, maintenance of the valley's water supply, and increase to the District's revenues base in line with long-range needs. To a great extent, the Committee relied on Manager Shaw's recommendations and expertise in arriving at its ultimate list of proposed projects. The Committee presented its list of recommended projects to the Board. Director Grant questioned the number of defibrillators being proposed for purchase. Director Danz requested the opinion of the Fire Committee in responding to Director Grant's question; Director Stefani agreed the number of defibrillators could be dropped from 2 to 1. Director Grant questioned some of the other items on the list. Director Danz made a MOTION that the Board approve the list of projects recommended by the Budget & Finance Committee, with the exception that the defibrillators will be reduced from 2 to 1. All Directors being in favor, the motion was APPROVED.

- m. **Operating Budget for 2004-2005 Separated into Funds:** Discussed earlier in the meeting (item 3D).
- n. **Letters from Customers Regarding Billing Issues:** Not discussed.
- o. **Unbudgeted Expenses:** Not discussed.
- p. **Review Rate Structure Including Proposal for Rate Study:** Not discussed.
- q. **Next meeting:** The Committee has scheduled its next meeting for Thursday, August 12, at 8:00 a.m.

- iii. **Fire Committee (Stefani):**
 - a. **Annexation Report:** The Committee submitted the report to the Board for review and consideration. Director Danz said she wasn't prepared to vote on the report at this meeting but wanted to ask questions about it. She asked who the intended audience was; Chief Whitelaw responded that the report was for the Board and could be posted on the District web site, and that the Primer would be for District residents. Director Danz asked about item 7 on page 4, which implies that residential fire insurance rates could drop by virtue of Alpine Springs inheriting NTFPD's better ISO rating; Director Danz questioned that there would necessarily be any benefit because the ratings are not sufficiently different for the two districts. Director Danz also sought and received clarification on the definition of full-time employees, about actual equipment to be kept at the Alpine fire station, about the definition of "in-kind" costs provided by NTFPD, and about cost and ownership of equipment. She expressed concern that fire engines owned by the District were to be transferred to NTFPD without obvious recompense. Chief Whitelaw said that the figures in the report reflect an effort to make services and staffing equitable but that the numbers don't necessarily

reflect ownership of capital equipment. Director Danz asked if the \$86 tax could change in the future; Chief Whitelaw said it could, at the discretion of the NTFPD Board. Director Danz asked that the report include a concrete figure for the cost of leasing the Alpine fire station. She also asked about representation of Alpine Meadows on the NTFPD Board. With respect to the section comparing ASCWD's fire department budget with other fire department budgets (page 6), Director Danz felt a more helpful comparison would be a comparison of cost per parcel or house-holder, rather than a comparison of total budgets. Director Grant asked if North Tahoe residents supported their fire department financially, beyond the \$86 tax; Chief Whitelaw said a portion of their property taxes is also allocated to the fire department. There was discussion about what North Tahoe residents pay versus what District residents currently pay. The next Fire Committee meeting will address the questions raised during this Board meeting and bring the modified report back at the next Board meeting for approval.

- b. **Draft Annexation Primer:** No discussion.
- c. **Fire Safe Community Grant Program:** The program is still moving forward. Chief Whitelaw said there will be three public meetings scheduled in the valley to address the community fire plan.
- d. **Hazard Mitigation Planning:** Chief Whitelaw and Manager Shaw continue to attend the meetings and participate in the data collection efforts that are required as part of this FEMA-mandated planning process.
- e. **Next meeting:** Currently scheduled for Wednesday, August 11 at 4:30 p.m., but may be scheduled earlier so as to be able to get materials out to the Board in a more timely fashion.

(At this point, the Board skipped to the Fire Department report.)

- iv. **Greenbelt Committee (Stefani):** Had no meeting.
- v. **Long Range Planning Committee (Grant):** No discussion.
- vi. **Park Committee (Bass):** Had no meeting.
- vii. **Personnel Committee (Grant):** Had no meeting.
- viii. **Manager's Report:**
 - a. **4th of July:** Water use was at a record high over the holiday weekend but was adequate. Manager Shaw discussed implementation of the Water Conservation Plan with Placer County, which has restrictions on signage.
 - b. **Staff:** Buz and Lew are swamped with construction issues in the Valley, Mike Crean is busy reading meters and Pam is selling park passes at a record pace (had to buy more, in fact – has sold about 250 passes). The yearly billing will occur shortly after the meters have all been read, probably by the first week in August.
 - c. **TTSA:** The TTSA Board will meet July 14, 2004. Topics at last month's meeting included discussions regarding land use, the potential tax shift, the plant expansion and Board issues.
 - d. **Dwight Steel memorial:** The memorial will be dedicated at 12:30 today (shortly after the Board meeting).

ix. **Fire Department Report (Chief Whitelaw):** Chief Whitelaw brought copies of this month's dispatch report; there was only one dispatch, which was a false alarm. Chief Whitelaw asked Virginia if he was scheduled to speak at the Valley-wide Meeting, so he would know what to prepare. She said Director Stefani had been tentatively placed on the agenda to represent fire issues but Director Stefani requested that Chief Whitelaw participate as well.

(At this point, the Board went back to the 2004/2005 Operating Budget - Distributed by Fund.)

x. **O&M Department Report:** The report was attached. There was no discussion.

xi. **Capital Committee (Grant):** Had no meeting.

H. **CORRESPONDENCE TO THE BOARD:** None.

4. **CLOSED SESSION: Conference regarding anticipated litigation:** Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9, Case 1. Postponed until next month.

5. **DIRECTORS COMMENTS**

- None.
- Next regular Board meeting: Friday, August 13 at 8:30 a.m.

6. **ADJOURNMENT**

There being no further business before the Board, the meeting was adjourned at 12:15 p.m.

Respectfully Submitted,

Jancis Martin
Recording Secretary

Approved as amended, 8/13/04