

**SOUTH TAHOE PUBLIC UTILITY DISTRICT  
BOARD WORKSHOP NOTES**

DATE: October 16, 2013, 1:00 p.m.  
 ATTENDEES: Tim Bledsoe, Shannon Cotulla, Melonie Guttry, Paul Hughes, Lynn Nolan, Susan Rasmussen, Paul Sciuto, Richard Solbrig  
 BOARD MEMBERS: Chris Cefalu, Jim Jones, Eric Schafer, Kelly Sheehan, Randy Vogelgesang  
 OTHER: Gary Kvistad, Brownstein/Hyatt/Farber/Schreck

**TOPIC**

**ACTION**

Eric Schafer called the workshop to order at 1:20 p.m.

**STRATEGIC PLAN REVIEW:** The workshop was scheduled as a continuation of the presentation of the District's Vision/Mission Statements and Strategic Goals by Richard Solbrig, Paul Hughes and Paul Sciuto and for open discussion to get direction from the Board. The objective of the workshop was to review CIP funding, meter rates, updating the last meter/water rate study, and sewer CIP.

Richard recapped that the Vision/Mission Statement had no changes resulting from last workshop, while the goals had minor changes including promoting public awareness, attracting/retaining staff, and looking for revenue generation opportunities. In regard to Reserve policies, there was no direction to change the three policies. On capacity charges, the Board gave staff direction to draft an ordinance to freeze charges at current levels.

**CAPITAL IMPROVEMENT PLAN FUNDING DISCUSSION:** The funding of the capital improvement plan was the next focus of the presentation.

Sciuto reviewed the current meter policy and showed the installation scenario based on the current ten-year plan. He discussed the CDPH zero-percent loan which would allow for all/district-wide meters to be installed. Lynn clarified that the District can submit multiple applications over multiple years. In question is how long the money is going to be available and what happens if the funding administration is transferred to a different state agency.

Hughes presented a meter installation funding scenario where the installation amount would actually be closer to \$21 million with inflation, design and inspection, and contingency. Rate impacts were shown, and other impacts such as additional customer service staffing to manage the meter program and hiring outside inspectors were discussed.

Lynn emphasized the need to make a decision soon for submitting the application, as the contract may arrive within three months. There is a risk of dropping off the State's priority list if the District continues to reject these funds. She

December 1 is the deadline for applying for the loan, so a decision on loan amount and projects needs to be made soon. How

recapped that the District has four grant applications in now for meters, but there is a possibility of also including a meter portion on future waterline resizing projects with the borrowing as there is still 130,000 feet of undersized waterlines to replace. Eric questioned what effect the loan would have on the District's credit rating and/or pursuing other funding sources, and Hughes clarified that it would not have an impact with future debt/loans as long as rate increases are adopted for loan funding. Chris mentioned that the inequity issues with customers may garner support from the public to go fully metered to resolve the flat/meter rate inequities. Jim reiterated the District needs to do more than just waterlines and meters, such as tanks and other projects.

The water rate study update was recommended by Hughes as there is more consumptive data to input to revisit the fixed/variable rate and to incorporate Board direction from this workshop. Following rate study results, the District can begin the public outreach process and get the information on why meters need to be installed. Richard is meeting with Kae Reed in two weeks on the CIP for media exposure. Eric emphasized the need to get the mechanics in place to institute a plan, get public outreach out, vote on Prop 218 development to establish a process, and keeping the budget and noticing timelines in mind.

Richard mentioned the public outreach consultant can craft how to get the information to public, as well as factor in other projects to get done and other possible funding. With the District's liability and meeting responsibility of regulatory requirements and Industry standards, there are still several issue to address from the water system optimization plan such as water quality, fire flow requirements, secondary sources in zones, air quality with generators, and safety of dams in DVR.

Discussion pursued on DVR having the greatest revenue generating source with some investment, as well as carving out some acreage in DVR and selling it to generate revenue along with other District properties (e.g. Ralph tank demo site.) Future grants were questioned, and Lynn mentioned there are opportunities for energy generation and forest service funds but probably none for meters.

Other miscellaneous topics were discussed:

Public Outreach Program: The District sent eight RFP's and received two proposals from well-qualified firms for the public outreach program. Rauch is the recommended firm for under \$20,000 and who has significant public outreach experience with even greater rate increases (55% over five years, rates up five-fold, etc.) by other agencies. Rauch is recommending getting input from public officials.

aggressive the District wants to be on water projects will require rate increases.

The Board agreed to move forward with study, and Paul will contact the HDR consultant. They agreed to give a couple of scenarios to the consultant of installing meters and other water projects currently in the ten-year plan at various levels. They also concurred on moving forward with other water projects and not shifting projects down the road and using the output of the study to further define decisions.

Results of rate study update will be discussed at a future workshop.

Eric wants to continue with the grant program and partnerships and look for everything and anything. Jim feels energy generation has the best potential for funds.

Eric reiterated with the vacant DIO position there is a void in getting the best message out to the community and would like to have more information out in education programs in school and an open house to get people more involved

<p><u>Board member training workshop:</u> Potential training for Chris, Kelly, and Randy, who will be the senior Board Members next year and new Board Members was considered. CSDA can bring members up to speed on legislation, and other firms can tailor a workshop to what the board wants to address such as how to interact with public and relay a consistent message. Attending ACWA and CASA meetings to be exposed to water issues and what is going on in the industry such as personnel and other issues specific to the water industry was recommended. Eric reiterated that this is a budget item, and encouraged them to attend conferences as it is an opportunity to meet with top industry officials and consultants.</p> <p><u>MTBE:</u> The Board changed the policy from .2ppb to .5ppb; 5 is the State secondary detect level and 13 is the health maximum standard. Two production wells (Glenwood and Paloma) have surprisingly had hits at .5ppb. Staff met and discussion options to bring to the Board in the future and will continue to monitor wells. Shannon expressed concern with Glenwood as it is a major producer, and it will be shut it down in winter to recharge the aquifer. He is researching the costs at relocating a hypox system from another well, as well as looking at aeration and carbon filtration options. Staff is reviewing operational/pumping changes and will include expanding on MTBE water sampling at house taps next summer when the well is running.</p> <p><u>Alpine County Monitoring Fees:</u> The District currently pays more than \$100,000 in a mitigation fee, a \$15,000 monitoring fee, and stocking 15,000 pounds of fish. If the county does not expend the monitoring fees, they roll back to the District. Two supervisors have inquired about using them for something other than monitoring and Sciuto wants to bring the issue to the Board's attention. Since 2001-2012, The District provided \$106,000 (\$9,600 per year) with \$29,000 in forfeitures. Eric questioned with Sorensen's tying into the system in the future, should the District keep the funds in monitoring because of their potential to meet District standards and effluent requirements.</p> <p><u>Level of Service:</u> Reducing the level of service and standby needs was mentioned at the last workshop for cost savings. Sciuto researched, and standby costs are \$123,000 in all departments for the entire year for all primary, secondary, tertiary, and D ticket employees. Realized savings would be 15% which is insignificant.</p>	<p>in what the District does so they understand rates, etc.</p> <p>Jim and Eric would like to ease the other members into attending the next conferences (CASA has only four available in next 12 months, ACWA has two annual with May's in Monterey.) Melonie or Eileen can provide information and make them aware of what is available. This will need to be addressed next year with the new members.</p> <p>Since there has been no request to reopen the contract that details the allocation, it was suggested that they must submit receipts for reimbursement instead of the District giving \$15,000.</p>
<p><b>ADJOURNMENT:</b> The meeting was adjourned at 3:15 p.m.</p>	<p>Conclusion: The workshops have been very successful.</p>