

SEWER & WATER COMMITTEE MEETING  
APPROVED MINUTES

April 7, 2011

DIRECTORS PRESENT: Dan Wilkins, Erik Henrikson

STAFF PRESENT: Cindy Gustafson, General Manager  
Tony Laliotis, Director of Utilities  
Matt Homolka, District Engineer  
Coral Lochridge, Technical Services Supervisor  
Dan Lewis, Utilities Superintendent  
Carol Hackbarth, Administrative Secretary

PUBLIC PRESENT: Ron Parson, Granlibakken Resort

The meeting was called to order at 8:30 a.m. by Director Henrikson.

1. GRANLIBAKKEN BILLING

Mrs. Lochridge said there has been a discrepancy between Granlibakken's perception of a 1996 decision regarding the Granlibakken property and staff's understanding of that decision. In 1996 the District's General Manager made a decision pertaining to the Executive Lodge. Attached are the board minutes relating to that decision which is not much. Director Henrikson said it would help to know the names of all the lodges at Granlibakken. Since Mr. Parson knows best he was asked to explain.

Mr. Parson started by saying leading up to construction of some new buildings in 1995/1996 Granlibakken had to do a lot of work with the Tahoe Regional Planning Agency (TRPA), all of the districts and everybody. The TRPA Compact signed says instead of 200 remaining construction units that were allowed at that time there are only 30 left. Those 30 units are listed specifically in the TRPA Compact. What we are talking about are the 30 allocations. Of those allocations, seven of them were constructed or completed in 1996. They are units 101 & 102-107, a six complex condo unit.

Director Wilkins asked if this was 30 Travel Accommodation Units (TAUs). Mr. Parson said they don't have any TAUs; they are actual allocations to construct. Everyone else has to go to the lottery to get their allocations. These 30 allocations are part of the law, Mr. Parson continues. He stated they have enough paperwork to fill the lake regarding this.

Director Wilkins clarified that they are 30 residential allocations; Mr. Parson confirmed. Director Wilkins asked if all 30 of those were for Granlibakken or if they referred to the Lake as a whole. Mr. Parson said Granlibakken specifically. On the 74 acres that are Granlibakken there are allowed to be a total of 30 units in addition to the ones that were in existence when California TRPA was created. The Parson family as a result of buying out the developer retained those rights.

Mr. Parson continues. In 1997 the TCPUD Board, after going to the Sewer and Water committee, discussed the dispute over the rating of Granlibakken as a motel versus a condominium development. The decision the board made is reflected in the Memorandum dated November 3, 1999, Item number 2. It says the District shall accept the determination

of the respective county as to the intended use and permissible uses shown on the building permit for new construction (Granlibakken Executive Lodge and Wilderness Lodge). Ms. Gustafson said that in recreating this whole thing, this was not just Granlibakken. This policy was theoretically being set for all properties. As you can see in the November 3, 1999 memorandum, the two examples also includes Bud & Nancy Davis' property on Polaris, the Wilderness Lodge. The County zoning is residential. We were uncertain how to bill it, and this is the direction that was taken to the board. Asking Mrs. Lochridge if this is correct, Mrs. Lochridge replied, that is it what it looks like. Originally when we met a year ago there was a note in the file saying per DCA (David Antonucci, General Manager in 1999) bill this residential. We believe that this was taken to the Sewer and Water Committee. We don't have good minutes from the committee. We are assuming this was adopted at that point in time, in 1999.

Mr. Parson continues that as we go through the paper trail, a rough investigation, and in talking with Mr. Antonucci, Granlibakken and the Parsons have been moving forward under the assumption that those 30 construction allocations are residential. Seven of the thirty were built out as residential (units 101 to 107). They are operating the same way as Granlibakken is. They then added two more, one of which are in dispute today (10040 Autumn Way). Mr. Parson believes the two newer buildings fall under this decision, a TCPUD board decision, as there is enough evidence to support that decision. As long as they operate the same way and they don't change anything that the units would be domestic. He asks the TCPUD committee to reaffirm that through all good intentions we all should be still honoring that 1996 decision at least for the Autumn Way property that is in dispute today. And then he would like it confirmed for the remaining 21 that still haven't been built out.

Ms. Gustafson said our Ordinance does not reflect this issue. Our Ordinance says we bill on use. If the committee was to take action in support of Mr. Parson, which we are not opposed to you doing that, we want to make it specific to Granlibakken and not to have implications for other properties. She thinks we can make those findings based on the fact that other people have not been told this. As you know, we have had issues with people who have built office building in residential neighborhoods; we charge them commercial. Director Henrikson said we go out and do inspections and we change billing. Mrs. Lochridge agreed. Mrs. Lochridge said it took a lot of time to find these background documents. When staff made the initial decision to bill as commercial they were acting appropriately based on the sewer ordinance. Even after finding these documents, it is still not clear to us whether that decision in 1996 was to apply solely to Executive Lodge or to all of Granlibakken. When it comes to setting a policy we want to get the actual recommendation from the committee and not just make it up.

Ms. Gustafson said the policy in the ordinance is contrary to this. This information was not considered when the ordinance was revised because we were not aware it existed. Staff is comfortable going with this for Granlibakken for these reasons. They have relied on this information. They did not have to get TAUs. These are seen as residential. They are operated like their other units: some are lock outs, some are used as residences, some are booked through the front desk, some have owners in them. There is a whole variety of situations. The only difference here is that the Parsons own these versus other individual owners. Parson added that they own some of the other units.

Director Wilkins had questions regarding its compliance with zoning. The buildings are constructed based on the zoning as a residential unit. How does the County look at it? Mr. Parson replied it is looked at as a vacation rental, and we pay Transient Occupancy Tax on these. Director Henrikson asked for the difference between a residential unit and a motel unit that is rented. Mr. Homolka said that when we did the water metering we went through a whole process of redefining and making it crystal clear what was residential versus commercial for the water billing. Condominiums are distinct in that they are residential units

individually owned and paper parcels. Whereas a building with multiple units in it that are rented out are a motel and classified commercial. There was more discussion on the definition of a motel unit, a condominium, a bed and breakfast and a vacation rental. Mrs. Lochridge said vacation rentals are typically rented as the entire structure. With a building that has motel units, those motel units can be rented to individual parties. Director Henrikson said a condominium can have two to four units and their residential units, and they are in one building. Mr. Homolka added that on paper are a parcel. Director Henrikson said wouldn't we want to bill on usages rather than zoning. Ms. Gustafson said typically yes. Our ordinance says we bill on usage. In this situation we believe that this is indicative of the policy that Granlibakken thought was in place at the time they built their new unit. We have a challenge in consistency with Granlibakken; they are different than any other property in our district. You have multiple uses on site. Even if we make this property consistent with our ordinance, they still wouldn't be consistent as a whole. Tahoe Truckee Sanitation Agency (TTSA) is billing them as commercial on this property. Mr. Parson said this building is a single family dwelling that has a living room, dining room, family room, kitchen and eight bedrooms that lock off. Ms. Gustafson said when the inspection was done by staff, the kitchen was not commercial but it was different than a standard home kitchen. Mrs. Lochridge agreed with the description. Ms. Gustafson said the County accepted it as a residence and didn't make them comply with commercial.

Mr. Parson said the challenge you are having is that this discussion took a long time in 1996. The discussion at that time was whether it was a motel unit or not. The determination was that Granlibakken in many ways may appear to be a motel but it is not. It is in fact single family dwellings. That was the decision that was made. We are struggling with whether this is different from your policy or not. The same regulation standards were pretty much in effect in 1996, what defined a motel unit and a residence. There was a lot of complex research and discussion done then. His position is that we have been down this road. Let's accept that the people in 1996 knew what they were doing and let's move forward. Otherwise we have to redo it all, and it will be a lot of work. He believes in the end we are going to end back at the point that it is not commercial. He said Mrs. Lochridge might disagree with me; she loves it to be motel unit. He doesn't disagree with her interpretation; I just think it is misapplied.

Mr. Homolka said the reason it was classified a motel unit is because by our definition it is a motel unit. Mr. Parson said that that is by your interpretation of it. Mr. Homolka said let's read the definition and we can decide if it is or isn't and you guys can decide on the billing. The classification is correct. It is single parcel, zoned residential admittedly but that is irrelevant in our definition. It is a single building with eight units in it that are, quoting the ordinance, "made available for use, rental or hire for the purpose of furnishing transient living on a day to day basis. Includes bed and breakfast establishments". Director Henrikson said so that fits our definition. Ms. Gustafson said it would have also for the Executive Lodge.

Ms. Gustafson said her dilemma is do we stay consistent within their property with all these different types of usage based on the interpretation the board made when they did the Executive Lodge. Is it fair to every other property? Are we being consistent with our ordinance and with other properties? No. Can I make a finding that Granlibakken is being treated as a separate and different property because of its magnitude and multiple other issues? We're going to be inconsistent one way or the other unless you tell us to go back and reverse the findings on the Executive Lodge at the same time. For the amount of time and energy and money put into this, staff says: Ron's a good customer. He's a good partner on a lot of issues. We have seen now the research that the board at the time told him, told Granlibakken ownership, that the Executive Lodge would be classified as residential. So that one was done that way. What do we do with this new animal? I was going to be inconsistent in one of my findings. Staff and Mr. Parson sat down and agreed we'd come to

you together today and say let's live with what the board did on this particular property and move forward. Clearly we couldn't be consistent – unless you want us to go back and change the Executive Lodge. We are consistent in our inconsistency.

Director Henrikson asked where the new units are. Mrs. Lochridge said that is in unit 110 on the map. It's called the Forest Lodge, aka Parson residence 10040 Autumn Way. Director Henrikson said either we change them both or we just bill them both the way we had them before? Coral said you can tell us to leave everything that happened in the past as is. Director Henrikson said he is a little troubled because he was here in 1996. He was on the Sewer and Water committee in 1996. It seems to him that it is properly classified as a motel unit; so he doesn't know why then it was decided as such. Ms. Gustafson said if you look at their main lodge that may help.

Their main lodge has condominiums that are billed residentially. Some of them are owned by Parson and some by others. They are rented out via Granlibakken's front desk. Mr. Homolka asked if they are condominiumized. Mr. Parson confirmed, yes. Mr. Homolka said if they had condominiumized the Forest Lodge, then it would be eight residential units. Mr. Parson again said we are having the debate and discussion that was held 1996 by people like you. He can read the definition of a dwelling unit and apply it to the Forest Lodge and everyone would agree that that applies also. That's the rub. Multiple applications apply to this. And because of the way Granlibakken is built and because it is perceived by every other entity as a residential area, excluding those areas that are specifically commercial. We are not challenging that. We do commercial operations. We pay commercial for those. Our point is that this issue came up 1996, was found by everybody to be correctly billed as domestic. That policy was then applied to Granlibakken in general and confirmed in 1999 by the Sewer and Water committee and the board. Now we're back again having the same discussion.

Ms. Gustafson said to Mr. Homolka that if the rooms had kitchens they could have been condominiumized them and it would have been more consistent with their other units. Some of their units don't have kitchens; they are locked out bedrooms within the main lodge. You're correct, but it is inconsistent. There are so many different interpretations on the property. Director Wilkins asked Director Henrikson if he recalls when he was on the board back then. Director Henrikson said he does not, and that is troubling to him. Because he thinks if they were individual locked out rooms he would have agreed with Mr. Homolka. Mrs. Lochridge added the estimated fiscal impact for this as stated in her memorandum, approximately \$8,267.00 if we were to refund back to when this building was connected.

Ms. Gustafson said the real issue here is how do we want to deal with the complications of Granlibakken. I told Ron we won't oppose what he is suggesting because of the language that they relied on in 1996 and the Executive Lodge being billed a certain way. Typically the District wouldn't go back on that one so how do we solve this situation.

Director Henrikson asked why are we catching this now and not when it was completed. Ms. Gustafson said the inspector caught it when they did the inspection and it came to you two years ago, right. Director Wilkins said it was two or three years ago. Mr. Parson said he was here in December of that year. Ms. Gustafson said that is when we started this discussion. Then we tabled it to do more research, and frankly we got busy with the retirement. Director Henrikson asked if this is the research. Ms. Gustafson said yes; it is not completely clear because this talks about connection fees not necessarily service charges. Even in Mr. Antonucci's language it says connection fees.

There are a lot of inconsistency in our documentation as to what was done. You've adopted an ordinance. Our job as staff is to implement that ordinance. What staff in the past and Mrs. Lochridge has brought to you is an inconsistency with what the board did in 1996. Director Henrikson thinks it doesn't fit what we do now, but he does not like to go back and

break a promise that we made in the past – something that someone has relied on and built on. He's torn about the whole thing, about the way the consistency is inconsistent.

Director Wilkins said if the District relative to the Executive Lodge, back in 1996, said we are going to agree this is a residential unit, we are going to stick with that. He personally disagrees with that. If then the Granlibakken property built a couple different units under that assumption, not having been notified differently, he is ok with saying ride the benefit of the doubt there. Moving forward in terms of additional units that may be constructed, this is an opportunity to be clear as all the expectations are known. Director Henrikson said that if it looks and smells like a motel unit it is a motel unit. He thinks they are motel units. Under the circumstances he would agree with Director Wilkins. Director Henrikson asked Mr. Parson if that was alright with him. Mr. Parson said it 's what you decide. Mrs. Lochridge reiterated to make sure she understands clearly, the Executive Lodge stays residential, Parson lodge would be treated residential, new units will be billed based on what our ordinance says. Director Henrikson agrees. He thinks there was an error in 1996. It may not have been explained properly; with rooms locked up like that he would not have looked at it any other way than a motel.

Mr. Homolka said he appreciates that and the exception is fine so long as we all are in agreement by definition so we are not having to look back to the ordinance and tweak that language. He thinks the language is solid. Director Wilkins said he thinks that is the notion. There was an interpretation of the ordinance in the past that was relied upon so we will honor that, but moving forward we will rely on our definition for any future construction. We will all know, and Ron will know, where we are at.

Ms. Gustafson informed Mr. Parson that this information will go to the board on Tuesday, April 19<sup>th</sup>, and you have the opportunity then if you still disagree to bring it to the full board. Mr. Parson said he is happy with the one step. He disagrees with the other one. But we can tilt at that one later. Ms. Gustafson said we will do a staff report that indicates that your findings are based on their reliance on previous decision not on the definitions of our ordinance. Director Wilkins asked to make sure we have a nice tight paper trail it so that someone in the future will be clear. Director Henrikson said take real good minutes. Mrs. Lochridge agrees; she does not want her successor to be coming back to the board in 15 years wondering what happened.

## 2. LAKE FOREST WATER SYSTEM REPLACEMENT – Labor Compliance Program Consultant Selection

Ms. Gustafson left room while this was discussed. Mr. Homolka is notifying the committee of staff's selection of North Valley Labor Compliance as a Labor Compliance Program Consultant. They came in at \$4000.00, originally \$5000.00, and the other bids came in at \$12,000.00 and \$20,000.00 which makes him leery. Staff talked to the owner of the company as well as many of their references. Director Wilkins asked for clarification on their role. Mr. Homolka outlined that they start with reviewing the documents to make sure we have all the right pieces in the bid documents. They attend the pre-bid meeting and review the certified payroll. This company probably won't come on site. They educate our inspector of the interviews to do and forms to fill out which the inspector sends to them. The committee was ok with staff's selection.

## 3. ADOPTION OF WATER MAIN DESIGN STANDARD

Mr. Homolka reviewed the need for adopting the design criteria for water distribution systems. He explained the design criteria is already in use and upon which our entire Capital Improvement Plan is based. Directors Wilkins and Henrikson agreed with the recommendation.

#### 4. TRADING POST CROSS CONNECTION

Mrs. Lochridge thanked Mr. Dyer for working with staff to complete the cross-connection inspection and his willingness to listen the staff's stance regarding this. Mr. Dyer requested to have this item postponed to the next sewer & water committee meeting. He has a team working on this. This has a complex set of issues and he is not prepared to respond today. The committee agreed to postpone to the May 12<sup>th</sup> Sewer and Water committee meeting. Directors Henrikson and Wilkins asked Mr. Dyer to make progress on the devices at the medical facility and the 1" line, both identified with a April 15' 2011 (previously March 31, 2011) deadline. After Mr. Dyer left it was agreed the new deadline would be May 11<sup>th</sup> so we could report to the committee on May 12<sup>th</sup>. Mrs. Lochridge will send a letter reiterating the decision of postponing this item and the extended deadline on the two items to May 11<sup>th</sup>.

#### 5. DEPARTMENT UPDATES

Mr. Homolka explained that there appears to be trench failures in McKinney estates and Chamberlands subdivisions. Staff has hired Marvin Davis to analyze the cause and work with Placer County. It appears to be caused by the high water table and not the compaction of our trenches. We have televised our pipes, and they are good.

Mr. Laliotis said we have two system leaks. One is in the upper Rubicon system and not identified yet. The second is in the McKinney Quail system at Lodge Dr. and Highway 89. A shear break on the 4" main is the cause. We had another break in that area last year and are considering replacing about 300' of that pipe.

Mr. Homolka informed the committee that the CalTrans West Shore Highway 89 project conflicts with TCPUD's West Shore Export facilities. Three of them are major conflicts. We have responded to them with design alternatives, and there is a meeting today. There was discussion on the risks of moving the pipe and large expense.

Ms. Gustafson said staff, as a team, is responding to the Homewood Environmental Impact Review (EIR) with comments which are due April 21<sup>st</sup>. We will bring you what we propose to comment on, but it won't be ready for the board packet. Bike trail construction and maintenance were discussed.

Ms. Gustafson also said we have seen language that Rick Dewante is backing off on the right-to-take-issue related to Lake Forest Water Company. We will then be looking at just the valuation of Lake Forest. Mr. Dewante is at war with the other water companies and his latest newsletter is pretty derogatory. We are meeting with Gerald Rockwell, Tahoe Park Public Water Advocates, to discuss our response or lack of and to make sure he understands the District's position.

#### 6. PUBLIC FORUM

No public comment.

#### 7. ADJOURNMENT

The meeting was adjourned at 9:10 a.m.

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Carol Hackbarth, Administrative Secretary