

SEWER & WATER COMMITTEE MEETING  
APPROVED MINUTES

April 19, 2010

DIRECTORS PRESENT: Dan Wilkins, Ron Treabess

STAFF PRESENT: Cindy Gustafson, General Manager  
Tony Laliotis, Director of Utilities  
Matt Homolka, District Engineer  
Bob Bolton, Director of Parks & Recreation  
Jim Dykstra, Director of Accounting

PUBLIC PRESENT: Mike Sexton, District Lawyer  
Wally Auerbach, Auerbach Engineering

The meeting was called to order at 4:00 p.m. by Mr. Laliotis.

1. Lake Forest Improvement District, Status Report

Director Wilkins said in Friday's board packet there is an action item to adopt a Resolution of Necessity on Lake Forest Water Improvement District. With recent board discussion on board policy related to system acquisitions there is a question on whether we want to go forward and levy the assessments under the improvement district or not. Director Wilkins talked to staff last week and requested an understanding that if the board chose to not go forward with the assessment district but did want to go forward with the construction of the improvements that we funded the design for, how, if any, that changes the financial picture from what we previously envisioned.

Mr. Laliotis said Mr. Auerbach, Auerbach Engineering, put together some models to see what kind of revenue we would be looking at to fund construction. Mr. Dykstra has validated them. There are a few potential funding sources with the United States Department of Agriculture (USDA). Lake Forest is in a Low-Middle income situation where there are better positions for USDA grants and loans, with loans as low as 2.5%.

Director Wilkins said we formed an improvement district 2-2 ½ years ago and an assessment was approved. Given the age of the improvement district, the fact that the assessments have not been levied, and technical issues associated with the improvement district, legal questions have come up regarding the districts' ability to levy the assessments that were approved under the assessment vote. Mr. Sexton said the cleanest way to acquire the system if you can see your way clear and if it makes sense from a policy perspective (bringing in another water system) is to make the customers of Lake Forest water system customers of the Tahoe City Public Utility District (TCPUD) subject to our rates, put them on meters, and do not impose an assessment. TCPUD gets rid of the improvement district and does not have to worry about Proposition 218. TCPUD goes through with Resolution of Necessity, moves forward to acquire the system, makes the customers of Lake Forest water system customers of TCPUD, and they pay your rates. Mr. Dykstra does whatever borrowing he can do based upon that. TCPUD can solicit whatever other funding and can start on the acquisition.

Director Wilkins said the basis of the Resolution of Necessity should be in the best interest of the public; the financial side is somewhat irrelevant. Mr. Laliotis said we need to move forward with some comfort of understanding that we can address these issues once acquired. He added that

based on the findings that over 72% of the parcels that were customers of the water company at the time (2007) petitioned the district to move forward with the acquisition.

The committee discussed a Resolution of Necessity for the Lake Forest water system as one way to proceed. They also discussed alternate funding options that were not discussed before. Director Treabess and Director Wilkins agreed that there still is a probability of moving ahead with the assessment district. In addition there is also the ability to acquiring new rate payers and pay as you go. Both options are feasible and are not detrimental to the district.

Mr. Sexton suggested an agenda item on the upcoming board book prior to the Resolution of Necessity item for the committee to update the board on the Lake Forest financing option (USDA and no assessment district as two possibilities), how we can acquire Lake Forest Water company consistent with our proposed TCPUD's Water System Acquisition Policy, and does this policy make a difference in our thinking of acquiring the Lake Forest Water Company.

2. Public Forum

There was no public participation.

3. Adjournment

The meeting was adjourned at 4:51 p.m.

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Carol Hackbarth, Administrative Secretary

Prepared by Carol Hackbarth