

SEWER & WATER COMMITTEE MEETING  
APPROVED MINUTES

June 14, 2012

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  
Carol Hackbarth, Utilities Coordinator

PUBLIC PRESENT: Duane Whitelaw, NTFPD

The meeting was called to order at 7:05 a.m. by Director Henrikson.

1. NTFPD PUBLIC SAFETY CENTER CONNECTION FEES

Mr. Homolka summarized his memorandum. Director Wilkins said he would like to see fees equitable for the private sector, other commercial properties in town. It is a building that has eight times the fixture count of a typical Single-family-residence (SFR). Billing all customers on fixture counts was discussed. To make that switch it would involve inspecting all houses and would take some time. Director Wilkins asked if we could limit it to structure in excess of 6,000 square feet. Ms. Gustafson said we could look at a number of ways to revise our ordinance. Mr. Homolka said depending on the boards direction regarding the fire department, we need to come up with some public service classification or some clarifying language to current ordinance both on the sewer and water side.

Ms. Gustafson said given our past practice the fire department would not have anticipated this. Sewer is the main issue here as we have billed fire departments as a SFR.

Director Henrikson asked why connection fees were not collected when the building permit was issued as we do with other permits. Mrs. Lochridge said partly because they have many unique plumbing fixtures in the new building. Mr. Homolka said the bottom line was because of the doubts of how to calculate the connection fees, the fact that it is the fire department, and that we were in a Development Agreement with them. We also have a MOU (Memorandum of Understanding) and the lease with the fire district. Ms. Gustafson said we assumed if the old fire department building is going away they would want to transfer their connection fees credits over to this site. Director Henrikson said we (TTSA) don't have any vehicle for that (transferring connection fees). Ms. Gustafson said yes, Tahoe-Truckee Sanitation Agency (TTSA) doesn't and we haven't in the past.

The committee discussed different philosophies on public entities. Director Wilkins said if the theory behind our fee structure is sound we should use it consistently. Director Henrikson said we should treat everybody fairly related to the connection fees and monthly user fees, and he is against transferring connection fees. That is why he asked for this to be brought to this committee.

Director Wilkins asked if we have any non-public buildings with half commercial & half residential. Mrs. Lochridge said Obexer's is an example. For square footage we take the whole building's square footage and subtract the square footage of the residential area. Then we count the fixtures only in the commercial area. Though they are not in our water system we usually bill commercial rates for mixed use properties. Option three demonstrates this. Mr. Homolka confirmed that this option is most consistent with how we bill the bulk of our customers in response to Director Wilkins question. It is however inconsistent with other fire stations. Most of the other fire stations are primarily residential, with a little office space and the bays. Within the commercial rate structure we could discuss how to treat the bays. The bays are probably driving this cost up because of the square footage. Director Henrikson said there is good logic for including the bays being charged. They are going to use it and will wash all the trucks all the time.

Director Wilkins said where he has cautions is taking a building with eight times the fixture counts of a typical house would be and basically the only reason we would call it a house is indifference because it is the fire department. There is no other reason we would do this. Mr. Homolka said it could also be classified as multi-unit residential because the downstairs is clearly residential.

Ms. Gustafson said the reason she keeps bringing up TTSA is because typically we follow what they do to keep consistency and avoid confusion with our customers. We take that into consideration as we look at making calls on sewer. Director Wilkins said can we ask them what their logic is – on fire stations. Director Henrikson said he will be asking Marsha Beals, TTSA's General Manager. He doesn't know what they charge.

Mr. Homolka said this a pretty unique washing facility being inside and connected to the sewer. Most are outside and connected to storm drain. We don't encounter this. Mr. Whitelaw said the Tahoe Regional Planning Agency told them they had to wash inside.

Director Wilkins said the whole intent on our sewer fees is to charge based on level of usage. I think that is what we ought to be working towards. If the level of usage of that doesn't fit cleanly into 1, 2 or 3 now is the time to figure that out on a one off basis. He is ok with but doesn't know what that is. If it most consistent with this third option then that is what we ought to go with. Director Henrikson agreed. Ms. Gustafson asked if that is what you want to use going forward with all public properties? Director Henrikson said yes. He asked about what to charge the county or the state parks. Mr. Homolka said most county facilities are going to be commercial. Schools are unique. Director Henrikson said we are all entangled with the schools. Ms. Gustafson said they are charged commercial at a discount 20 to 25% and that varies. We are not sure of the rationale on that. This goes way back in time before many of us were here. Director Wilkins asked about this building. We are billed commercial water but not paying sewer.

Mr. Whitelaw commented in closing because he can see where this is going. When you guys decide of course we will pay. It seems like past and/or current practice should mean something. And until there is a document on policy that has been adopted by the board for these kinds of things, past practice ought to mean something. To design a fee structure based on a new project seems like you are doing it in a vacuum a little bit. He asks that we consider past practice as the only appropriate thing to do at this point. And move forward with staff to correct with the hole that may exist in the policy for facilities

such as these. Because eventually there will be more. We certainly want to rebuild the Homewood station. Having your policy in place would help us better plan for the costs of what it takes to fully fund the operation of the building. Mr. Homolka said this will come to the full board for further discussion if that is this committee's desire.

Director Henrikson said what we have here clearly says the common practice that we use is Option 3 – mixed use. This use will be ongoing. Using Option 3 says we are treating everybody fairly. The committee discussed if we don't have any documentation of connection fees being paid we have in the past considered that they have been. Director Wilkins said he has seen where if the connection on the old property is being removed then they could transfer it. He asked them if that is what is happening. Ms. Gustafson said the County has told them to remove the building. When it is being torn down is uncertain. Director Wilkins is concerned that the building won't be torn down for years. Then there is a valid use for the building and the connection fees have been transferred. It makes it more difficult to use that building in the interim if we put this agreement in place saying it is going to stay vacant. That is the issue we need to be thoughtful of. Ms. Gustafson said we are certain it won't be the fire department. The question is who pays that fee, it may be the community, private, or public sector. Director Wilkins said the way he has seen the credits determined is the value of whatever its current use is and the value of the new location's use.

Mr. Homolka clarified that we would classify them as mixed use at the old station determine the connection fee values for both water and sewer. Determine the connection fee values of the new station at mixed use and the net would be the connection fees due. Ms. Gustafson asked when the net amount could be available. Mrs. Lochridge needs plans for the current station. Ms. Gustafson said she may have them from the West Commons project.

Director Wilkins said we need to look at the policy. Director Henrikson asked if we are going to allow transfers of connection fees for private people. We have never done it. If we do it here we are going to do it across the board. Ms. Gustafson said both items needs to come to the board for a philosophical discussion. Director Wilkins said what we are talking about here is a permanent disconnection. Director Henrikson said we don't know what is going to happen to that building. Ms. Gustafson they will have to pay connection fees. Director Henrikson we are not consistent with TTSA. Ms. Gustafson said she has never understood that theory, why you couldn't transfer. You are paying for capacity of the sewer system as long as the old one is disconnected. Director Wilkins agreed if we allow transfers for the fire station we should allow it for the private sector. Director Henrikson said North Tahoe Public Utility District wanted to transfer a portion of a large number of connection fees from a trailer park and the TTSA board said no. Director Henrikson said we are setting a precedence.

Director Wilkins said the parks facilities should pay sewer fees to TTSA. Mr. Laliotis said he thinks we pay TTSA on all our public facilities.

Ms. Gustafson said it is unfortunate that from staff side that we were not able to act more readily and prepare the fire district for this potential change and bring it to the committee sooner. We had a lot of questions in our mind and when it did come up it was at this point in the deliberations. Because we have a lot agreements with the fire district, she

wants to honor that we have a great working relationship. She thinks what we work out here will be fair and equitable. She appreciates Mr. Whitelaw's patience with us as we work through this. She said she told Mr. Whitelaw that we may be able to offset their fees with some future fire department fees for the FCC, TCC, HCC – our community centers. Director Wilkins said he totally expects that the fire department should be charging us for fees that apply as they do any other building.

The fire department's board meeting is June 20<sup>th</sup>. We won't have board direction but will have committee direction then. Ms. Gustafson will be there to discuss this as well as Mr. Homolka for the wetlands project.

2. DIRECTOR OF UTILITIES REPORT

There were no questions or comments.

3. DISTRICT ENGINEER'S REPORT

There were no questions or comments.

4. PROJECT ACTIVITY REPORT

There were no questions or comments.

5. TECHNICAL SERVICES REPORT

There were no questions or comments.

6. GIS & INFORMATION MANAGEMENT REPORT

There were no questions or comments.

7. PUBLIC FORUM

No public comment except as noted in item one (1).

8. ADJOURNMENT

The meeting was adjourned at 7:55 a.m.