

SEWER & WATER COMMITTEE MEETING
APPROVED MINUTES

August 11, 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
Kelli Twomey, Dir. Of Resource Dev. & Community Relations
Carol Hackbarth, Administrative Secretary

PUBLIC PRESENT: None

The meeting was called to order at 7:08 a.m. by Director Henrikson.

Ms. Gustafson said staff is looking at changing the format a bit. Other committees go into more details and updates on their reports. So we are trying this to see what is the right amount of detail. Staff will go through their monthly reports that are in the board package so we can go into more detail here.

1. DIRECTOR OF UTILITIES REPORT

Mr. Laliotis reviewed his report. Director Wilkins asked for our definition of a leak indicator. The meter monitors itself and reports a potential leak if it does not have one hour of non-use in the previous 24-hours. This is an on-going check. You get a red box on your bill. Director Wilkin's said that is a good service to the customer. Some people think that indicator is a function of their use and not of what it means (1 hour of non-use in the previous 24 hours). Ms. Gustafson had heard from property owners that business was down in July but up significantly in August.

We are making an impact on Infiltration and Inflow (I&I). There were a 15-20 manholes that dried up before staff could grout them. We are thinking of rehabilitating them in house. Ms. Gustafson said there are other capital projects that we are not getting to so we would transfer money from that. Mr. Laliotis said once we have the estimates we will most likely come back to the committee with a proposal. Director Wilkins asked what is involved with a full rehabilitation. Mr. Laliotis said it is typically a lining of the whole manhole with a cementitious product. It provides a physical barrier from any water coming in and for any corrosion of the manhole surface. The life of the manhole is extended by 40 to 50 years. It is a better solution to grouting and for preventing I&I. They discussed the costs and the use of money in the budget that will probably not be used this year. Director Henrikson said it is a better way to fix them and that he would rely on staff's judgment to see if it is worthwhile.

Mr. Laliotis said we helped Granlibakken Lodge on a large leak, over 300,000 gallons monthly, on their lateral that went to the main building, the lodge. The leak appeared to be under concrete. We helped them relocated their lateral to the other side of the building. He appreciates Granlibakken taking care of that.

Ms. Gustafson said there was a billing issue this month with the condominiums. Mr. Laliotis explained the billing system took last month's usage and added it to this month's usage. The reason it occurred is being rectified. Credit is being given and letters being sent.

A new sewer flow meter is being installed on the Alpine Peaks/Pineland area. This is a pilot study to test new meter technology which communicates via cell phone.

Mr. Laliotis is going to Lake Forest Water Company's office on a document finding expedition. There will be a document imaging company there to copy any pertinent documents found.

Ms. Gustafson commended Mr. Laliotis and his staff. They have been short staffed and Mr. Laliotis has been working on a number of employee issues. They all have been working really hard and keeping up with the workload. Next week interviews start for the Operation Specialists position.

Director Henrikson asked questions on the water and sewer graphs. Mr. Laliotis said more customers are conserving as a result of the rates and are lowering usage. Leaks, overall, are also being fixed. Some big accounts have reduced their volume by 20-40%. Director Henrikson said the dry years have just caught up with us and now with the wet winter we can see more I&I. Mr. Laliotis said we continue to work on the I&I. We have stopped a lot, and there is still a lot coming in. Overall the numbers are down.

Infrastructure Leakage Index - Running Annual Calculation (July 2011 to August 2010) Mr. Laliotis said this graph is something we can track and also is relevant to the way this number should be looked at – on an annual basis. The number is the ratio between the total leakage or loss compared to unavoidable leakage or loss. Unavoidable losses are those that you are not going to be able to fix – meter errors and small main leaks spread throughout your system that you will never find. Being at 1.0 is what the industry considers not controllable (1:1 ratio). Our numbers look really good.

2. DISTRICT'S ENGINEER REPORT

Mr. Homolka reviewed his report. Since there is the Project Activity report and Mr. Barclay has started preparing the GIS & Information Activity report, Mr. Homolka's report is small. Director Henrikson asked if we had comments on the Tahoe Regional Planning Agency (TRPA) Best Management Practice (BMP) Handout. Mr. Homolka reported yes and it was very limited. He will send them to Director Henrikson. The Engineering projects listed are all projects on their radar. The projects move up the list. 'Close' means they are essential done. There are lingering items needed in order to complete them and take them off the list, items like getting the digital files and putting them into an archive folder, etc. For example, we only received final as-builts for Harbor Master Pump Station in the last month.

3. PROJECT ACTIVITY REPORT

Mr. Homolka reviewed the projects. The first two pages are park projects. Mr. Henrikson asked where the bus shelter will be on Lakeside Trail VII. It is located northeast of the last drive for Lighthouse Shopping Center as you head towards Kings Beach. There is a pop-out there. The other one will be torn down. ACOE means Army Corps of Engineer. Observation/Edgewater PRV Station is a little over budget because we had to go out to a formal bid. This will be discussed in Item 6 later.

Mr. Henrikson asked if we know much about WSE Truckee River Crossing. Mr. Homolka said the consultants are working on the project as outlined in the proposals.

Four Season Tank Line Replacement and Woodhill/Woodview Water Main Connection: We met with the Forest Service and are sending them preliminary permit applications for this specific project. They also want us to renew all permits at the same time. We are pushing this as hard as we can but are stuck behind the pace of the forest service. They have two people for the whole state of California.

Next year we plan to do the BMP's at our administration office.

4. TECHNICAL SERVICES REPORT

Mrs. Lochridge reviewed her report. They have spent a good amount of time spent on Development projects. Staff has been busy doing a lot of inspections. Backflow inspections have increased to keep our focus on that. She reviewed the process leading up to the 4th and final shut-off notices that were sent to 35 backflow customers. Shut-offs are scheduled for 8/24/11. Customers will be called again two days before. She is meeting with Ms. Gustafson after today's meeting and the board will be given the list of customers afterwards. FOG compliance is good with the customer's assistance. Ms. Gustafson said we still have huge grease issues with Harbor Master Pump Station. Director Henrikson asked if is worse now that Hacienda restaurant is back in business. Mr. Lalotis said it hasn't been long enough to determine that. The grease build-up is significant that we may not notice the difference. A concentration of restaurants feed into that pump station. Lighthouse's new owners have been very cooperative relative to grease traps. Ms. Gustafson said that in the future if we do not see changes we may have to do something so the tax payers are not burdened with the large costs to clean the pump station. Director Henrikson said we might have to do a special assessment. Ms. Gustafson said we may be coming back to the board for direction and/or enforcement.

5. GIS & INFORMATION MANAGEMENT REPORT

Mr. Homolka said this report is brand new. Mr. Barclay is doing so many things and Mr. Homolka wasn't doing him justice in his report. So that you are aware of what is happening in this area Mr. Barclay will now be doing this monthly report. This one covers the whole year; as it becomes monthly it will get shorter. Mr. Homolka summarized the report for the committee. Mr. Homolka said Mr. Barclay is a very busy guy and hardworking. Ms. Gustafson said it is incredible the amount of energy that is going into this. The resources, of which the board is investing, is really paying off in efficiencies and effectiveness of staff.

6. 2011 CAPITAL PROJECT STATUS REPORT

Mr. Homolka reviewed his 2011 Capital Project Status report. Budgeting will start soon. This is the first step in Capital Budgeting for 2012 and five-years beyond that. Every project that is on the 2011 approved capital plan is listed including a few ones that got added after the fact. It already is missing two – Joint Wetlands project and Lower Tahoe Tavern Heights services are not on here. They are grouped by project status. The bottom line on upcoming projects is that we haven't got to them yet. Basically this shows what was planned, what has been completed, what has not yet been completed though may get completed, and others that are in the lineup. All will affect the 2012 budget planning.

Since we adopted this capital plan and the rate increase, we have a few years of history of what staff has been able to do. You will see that we are increasing our load and what we are able to do. We are at a point where we don't know how much more staff is able to do. We have the list of what we want to do or is planned. What needs to be determined is what the right load is for us given our current staffing levels, the environment that we work in, and the permitting problems we face. Ms. Gustafson said Director Reinkens has been very concerned about that. In his mind we are falling behind in what we promised the public we would deliver through the capital plans and our rate increase. How does the board want staff to attack projects? How do they want to see project information delivered so they can justify to the public the rate increases? Mr. Homolka is unsure how to prepare the information for the board. He doesn't like to show data based on dollar value because each project is a little different. An expensive project could take little staff time and vice versa with a smaller value project. Does he show

projects by number of projects, project complexity, project value? It is a combination of all of these.

Director Wilkins said there is a maximum point of capacity that in-house we are able to deliver and we are there. Ms. Gustafson said we believe we can soften the water rates and extend them out a couple more years. We don't need to raise them to the maximum within the five-year window if you accept a less aggressive capital campaign. She thinks this is it is a win-win for the customer and for us. If the board wants to plow in and get them all done then we need to look at different staffing levels and opportunities there to be more aggressive than this. Anytime you accept grant monies it adds multiple layers of staff time and administration. We are making more progress in sewer and water than we have in many years. Director Wilkins said this keeps us at a pay-as-you-go as opposed to borrowing against future rates. Director Henrikson said he is all for that. He would like to try and balance out water and sewer. We are spending more on water and everyone is in our sewer. He wants to increase sewer projects/spending. Mr. Homolka said we are working on that. Mr. Laliotis said there a number of projects in the next few years that will demonstrate that.

Director Wilkins said we talked about creating water and sewer reserves. Will we see that in the next budget cycle? Yes.

7. PUBLIC FORUM

No public comment.

8. ADJOURNMENT

The meeting was adjourned at 8:04 a.m.