

SEWER & WATER COMMITTEE MEETING  
APPROVED MINUTES

September 13, 2012

DIRECTORS PRESENT: Dan Wilkins, Erik Henrikson

STAFF PRESENT: Cindy Gustafson, General Manager  
Ramona Cruz, Director of Accounting & Employee Services/Treasurer  
Tony Laliotis, Director of Utilities  
Matt Homolka, District Engineer  
Carol Hackbarth, Utilities Coordinator

PUBLIC PRESENT: Ken Brent, Customer of Skyland Water Company

The meeting was called to order at 7:03 a.m. by Director Wilkins.

1. Tahoma Meadows Mutual Water Company: Update and Discussion – 7:29 a.m.

Mr. Laliotis said the pipeline project is 90% complete. We have taken over operation of the system for the interim term between now and final acquisition. Some telemetry equipment has been installed to monitor the tank, pumps, and pressure in the system. Potholing is being done to analyze the system's pipe. We are applying for a permit amendment with Placer County Environmental Health, since they are the regulatory agency over that system, to add permanent chlorination. It will be our system in July when we do the intertie. At that time we will sever their facilities.

2. Consultant Selection – Tahoma Meadows Transmission Pipeline Design

Mr. Laliotis said this is for the second phase. Director Henrikson asked if we need Sauers to design anything for us. Mr. Laliotis said yes and explained that the 950 feet of pipe was already designed for a pipe line replacement project. The survey and encroachment permit were already done. We just added the pipeline segment in that design and got a revised encroachment permit. All those things were in place. With the two sections that are left there isn't a project. Mr. Homolka said Sauers need to do plans, specs, and permitting. Director Henrikson asked if it is worth \$39,000 to us? Yes. Mr. Laliotis said there is also a bridge crossing. Director Henrikson said this sounds fine to him. Director Wilkins concurred.

3. 2013 Utilities Department Priorities

Mr. Laliotis handed out his memorandum. Director Wilkins asked if this is leading up to the budget process. Yes. Ms. Gustafson said first she wanted to hand out the 2013 Budget Assumptions before he started as it is impactful to what we look at in the budget. The main issues are no increase in property tax revenues which affects capital and the 16.2% increase in medical insurance premiums. We see a significant jump in power as well.

Mr. Laliotis reviewed his 2013 priorities. The Lead Worker-Underground Position is an internal promotion. Mr. Dan Lewis has been covering this positions. We are fully staffed.

Director Henrikson asked if we (engineering) only do inspections three days a week. Mr. Homolka said yes. It is hard for them to get work done if they are running in and out for

inspections. We try to accommodate people when they have reasonable needs. The current schedule is Mon, Wed, and Thu.

4. 2013 Engineering Department Priorities

Mr. Homolka handed out and reviewed his 2013 priorities. The Capital & Grant Funded Projects are pretty much in order of priority. Director Wilkins asked what we see as the scope of work in the West Shore Regional Water Treatment Plant.

At 7:46 a.m. Director Henrikson excused himself from the meeting.

Mr. Homolka said we are going to select a consultant to take us through full construction. The first part will be siting and sizing. It is approximately a four to five million dollar project. Director Wilkins asked if we owned all the water systems on the west shore with all the requisite sources they have would we be looking at a building a regional treatment plant on the west shore or would we be looking at building a pipeline to connect everything and use the one we have. Ms. Gustafson said with all the variables in operation and maintenance of wells etc. building a treatment plant would be our best bet. Efficiency leads us that way. Mr. Homolka said if what you are asking is if we owned Madden, Tahoe Cedars and even McKinney Estates with all their existing sources and they were properly connected would we then be sitting here asking for a water treatment plant. Yes. Maybe not within a year after taking them over but yes. For years we have been talking about reducing our reliance on groundwater.

Director Wilkins explained the reason he is pushing this discussion. If we are going to invest five to seven million dollars (since numbers tend to grow) on the treatment plant, could this money be used to purchase those systems and in turn buy us ten or more years realistically while still having a treatment plant in our master plan until a time when regulations are forcing into that position. We don't want to miss an opportunity if it is there in the near future to purchase those water systems. Ms. Gustafson said at this point she doesn't think the Marr's are wanting to sell and are looking at drilling another well.

Mr. Laliotis said as they are now we would be operating them in a deficiency mode. Mr. Homolka said we would probably immediately have to start pouring capital into source improvements. Another way to look at it is if we have a water treatment plant and if/when we take them over we are solid there. When they get to the point of total failure we have water to sell them. Ms. Gustafson said she is optimistic we can sell this project and gain participation from other agencies, developers and Placer County Water Agency (PCWA) to provide that. Hopefully that four to five million is not our money. Maybe we couldn't qualify for distribution systems but as a regional source with everybody supporting that concept we might have the potential to offset the costs. Mr. Laliotis said PCWA is analyzing small water systems.

Director Wilkins asked about the financial strategy. Would we use the same design company but break it into different phases? Mr. Homolka said we would ask for the preliminary design with the potential to get final design if they did well. Director Wilkins prefers phasing it so you have a good idea of costs. He wants to keep flexibility available in case circumstance change. We can always tell the consultant to not move forward. Mr. Homolka agreed; if we are rolling and have it contracted we can stop at any time. He said Ms. Gustafson will tell you that we are in the best position to get those offset funds when we are CEQA cleared, are permitted, and relatively along in design. You are forced to take that risk to push past the preliminary point and hand them designs that are ready to build. Our likelihood to get funds is better. Ms. Gustafson suggested we go with the Request For Proposal right now; the contractual issues can be established in that. Mr. Homolka said we

keep stumbling at the preliminary point. He wants to push past that point. We need some level of commitment to move forward otherwise it tends to die. Director Wilkins said ok.

Ms. Gustafson said she understands Director Wilkins point, and that is why we are pushing for these meetings with JMA, Steve Glazer, PCWA, and the water bond for 2014 funding. Also, there may be some funding coming out of the middle-fork project. She thinks it would great to have Director Wilkins speak to the PCWA board. They have heard from her already.

5. Director of Utilities Report

No comment nor discussion.

6. District Engineer's Report

No comment nor discussion.

7. Project Activity Report

No comment nor discussion.

8. Technical Services Report

No comment nor discussion.

9. GIS & Information Management Report

No comment nor discussion.

10. Public Forum – 7:03 a.m.

Ken Brent, customer of Skyland Water company, spoke. He is here today to encourage the District to facilitate the proposed master plan for the west shore water and participate in installing a water main down the west shore. He explained the deficiencies and status of their 100 customer water system. Basically it is a tired independent small water system. Problems they face are similar to those we see in other smaller systems as they try to meet standards. They are making capital investments that don't make sense in the long term in the macro view. Their water system is looking at another well. They will have two wells and a lake intake. They can't fund the filtration plant for the lake intake source. On a micro level they are making progress but on a macro level they are going in the wrong direction. Next door Timberland Water is looking at another well. It doesn't make sense.

Director Henrikson said as far as the District is concerned we are looking to close all the gaps in the system at some point in the future. Personally he likes willing buyer, willing seller. He doesn't like the way we had to go about Lake Forest. Skyland Water is owned by the same person. We do see connecting all the dots for fire, for transmission, for like you say redundant sources, and storage. Ms. Gustafson said we shared that with Mr. Brent and Mr. Lee Baker who came in the other day. Also, that the board is a long way from and probably gun shy about even talking about another eminent domain process. Mr. Brent said he understands and didn't come in to try to talk the board into taking over the water company. He suggests that we work together to facilitate a main, a large supply, going down the west shore and facilitate the master plan that was proposed. He would like us to take the lead on promoting the idea and bring in all the parties to the table and figure out how to fund this thing and move forward.

Director Henrikson mentioned PCWA's study. Ms. Gustafson said PCWA will be up here on 9/27/12; she suggests Mr. Brent come talk to them as well. PCWA has the potential to convene such a meeting with the Public Utility Commission (PUC) and the Department of Public Health (DPH) and talk about how we could look at shared resources versus all this redundancies even with separate ownerships. We could structure agreements to handle that. PCWA might be the better resource for this. They are the county-wide water agency. They collect property taxes. They also have the middle-fork project that they are relicensing that will spin off potentially millions of dollars every year.

Ms. Gustafson suggested the committee authorize staff to work with Mr. Brent to set up this meeting. We are doing a presentation with PCWA. If we could formalize our request to them with the support of the committee and then the board to say we want to ask PCWA to get involved and take the lead in this. Director Wilkins agreed and he would like to be involved. Director Henrikson said not long ago the fire dept asked us to do the same and provide better fire protection along the west shore. In the big picture it makes a lot of sense. He doesn't see us doing it with all the projects on our plate. Director Wilkins said – as a board – they recognize the issues that Mr. Brent identified. It is not likely that the pipe will not be built in one fell swoop. It is likely it will be built in pieces as opportunities arise. Director Wilkins said it will take our ability to help out and the willingness of the private systems owners to participate in partnerships. Mr. Brent asked if we see the District as sellers of water to smaller systems. We did that with Lake Forest. He explained that the bigger the agency is that meets with the PUC perhaps the more they will listen. PCWA is a wholesaler of water. Perhaps the District might be?

The discussions ended with the decision to ask PCWA to take the lead in convening a meeting with the PUC and DPH to plan for the future of the water systems on the west shore.

#### 11. Adjournment

The meeting was adjourned at 8:23 a.m.

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Carol Hackbarth, Utilities Coordinator