

SEWER & WATER COMMITTEE MEETING
APPROVED MINUTES

March 10, 2010

DIRECTORS PRESENT: Dan Wilkins, Ron Treabess

STAFF PRESENT: Tony Laliotis, Director of Utilities
Matt Homolka, District Engineer
Jim Dykstra, Treasurer, Director of Accounting & Employee Services
Cindy Gustafson, General Manager (as a member of the public)
Carol Hackbarth, Administrative Secretary

PUBLIC PRESENT: Wally Auerbach, Consultant, Auerbach Engineering

The meeting was called to order at 1:30 p.m. by Director Wilkins.

1. PUBLIC FORUM

There was no public comment.

2. LAKE FOREST IMPROVEMENT DISTRICT UPDATE

Mr. Laliotis reviewed the memorandum to the committee dated March 8, 2010, Lake Forest Improvement District – Funding Status Report.

- An Assessment District has been created but we have not levied the assessment.
- \$308,000 has been secured through TCPUD Board action. Director Wilkins suggested that the TCPUD project costs be added to the list, funded through TCPUD budget. Mr. Dykstra said he wasn't sure we would get that money this year and we may have to fund it up front first.
- Placer County Redevelopment Agency (PCRDA) is waiting to see if the District moves forward before committing funds for the project. Mr. Laliotis asked Director Treabess if he had any additional information on PCRDA. Director Treabess said that they thought it was a valid project. Director Wilkins asked if it is worthwhile to pursue a written commitment contingent on the TCPUD actually acquiring the system – something to the effect of "*Providing the District is acting on/moving ahead with the Lake Forest Improvement District, the PCRDA will provide/decide on funds*". Director Treabess thinks it is best for him or Director Wilkins to make the contacts and express that need. Director Treabess will contact Tom Miller, Director of Development, in the next two weeks.
- California Department of Health (CDPH) –Leah Walker, Chief of the Technical Programs Branch, said some funds are being released into Proposition 50; however, they are not enough to cover commitments already made, existing funding agreements, and existing projects on hold. The Lake Forest project, from Rick Dewante's perspective, is still at the stage where CDPH has not issued a letter of commitment for funds. Until they get enough funding to get to that stage, they will not offer a letter of commitment to Mr. Dewante. We are at the same place. They won't review Proposition 50 funds until we own Lake Forest District. Director Wilkins said he understood that if there was a purchase and sale agreement

in place with the seller, then Prop. 50 would look at us as having standing in the ownership of the company. Absent that, if we do eminent domain, the judge hands the system's key to us even if the purchase price of the system hasn't been determined. Until then, they don't really want to talk to us much.

- Mr. Laliotis said the state expects to receive funds from future bond sales which are needed to fund Lake Forest. There is a \$2B general obligation bond slated for March 11th. No one knows if the bond will sell or if any of it will go to Prop. 50. The state feels they may not get enough to fund current commitments. Director Treabess clarified that we have the exact requirements/statuses that are acceptable for them to move ahead. Mr. Laliotis will check with Mr. Harry when he returns regarding eligibility and status of ownership questions. We want to make sure we are eligible for the money and not miss it because of a detail issue as opposed to a substantive issue.
- A U. S. Department of Interior application for \$1.65M has been submitted. Director Wilkins thinks receiving this is a long shot. He added that federal budgeting is done in Sept. /Oct. so there may be timing issues related to other federal funding that may be coming but won't be available until the summer of 2011.
- Mr. Laliotis added the Fire Protection Partnership Funding to the list. It has to be used in the next three years, requires matching funds, and is in competition with other district priorities. Staff has tried to structure this year's application to allow the most flexibility to use those funds first.

Mr. Homolka provided the status on the engineering side. CEQA is done and the Board will hopefully approve it at next week's Board meeting. There will be public comment at the meeting before it is approved. Mr. Homolka sees no reason for the Board not to adopt it.

Plans and specifications are 90% done and should be completed this week. Mr. Homolka has asked Auerbach Engineering to hold off on the specifications. The Tahoe Regional Planning Agency (TRPA) submittal was submitted the end of January. Staff will be making the Placer County and Lahontan submittals with the 90% plans and specifications. Things are on tract.

There was discussion on if we are moving ahead with this project, funding sources and timing of such, how that will affect the project implementation, the advantages and disadvantages of phasing this project, and the prioritization of all projects. Mr. Homolka said the design is way ahead of the commitment and funding side. If we move ahead on the project, we are slated for a late August 2010 construction start subject to permitting. We are at 90% and need to know if we are moving forward with this project before making a number of final design decisions.

Director Wilkins summarized that if we go through with the acquisition, there is a very reasonable case scenario that we won't have funding commitments for everything. However, we can't award a construction contract without the financing plan. Outside funding needs to be covered and what would that financing plan look like? Director Wilkins asked about the timing and what is driving the desire for this year versus next year. Mr. Homolka replied that the two driving factors are the competitive bidding environment and getting on with life. He said that just by bidding it this year we could turn a \$3M project into a \$2M project.

Director Treabess said the Board needs to make the commitment to what we want to do and move forward. Director Wilkins agreed. Director Treabess said he feels comfortable that the District will get at least the \$1.6M and, if not, somehow we could front that. Mr. Dykstra agreed. Director Treabess is also comfortable that the District will receive the \$400k from the County. He said that County personnel have made comments that we are going to get that money and we need to show that we are worthy. That totals \$2M and provides a cut off spot for some level of phasing.

Mr. Homolka said that if we stay on schedule, adopt a CEQA Mitigated Negative Declaration, and the Board adopts a Resolution of Necessity or purchases the system in April, staff will be coming

to the Board for a Resolution to Call for Bids on June 4th. At that time the Board will be committing to spend approximately \$3M.

Director Treabess said that the committee is giving staff direction to come up with possible solutions and bring them to the Board for a decision. The reserve account is adding more money than was anticipated and there's a chance it might get resolved at that level. Mr. Homolka said there are important reasons to make this one project instead of phasing it. Some of the services are connected while others aren't and some of them are metered. Director Treabess said he feels comfortable that staff will educate the Board on what it means to our budget. Directors Treabess and Wilkins will contact the RDA.

3. CLOSED SESSION (2:30pm)

4. CLOSED SESSION REPORT

The committee discussed the terms of purchase of the water system and gave instructions to the negotiators.

5. ADJOURNMENT

The meeting was adjourned at 3:00 p.m.

Prepared by Carol Hackbarth

Carol Hackbarth, Administrative Secretary