



MINUTES

NORTH TAHOE PUBLIC UTILITY DISTRICT
Regular Meetings are held at the North Tahoe Event Center

Tuesday, April 9, 2024, at 2:00 p.m.

CALL TO ORDER/ESTABLISH QUORUM

The regular meeting of the North Tahoe Public Utility District Board of Directors was held on Tuesday, April 9, 2024, at 2:00 p.m. at the North Tahoe Event Center. The Directors in attendance were Thompson, Hughes, Mourelatos (arrived at 2:11 p.m.), Daniels, and President Coolidge. District Staff in attendance included General Manager Johnson, Chief Financial Officer Van Cleave, Engineering and Operations Manager Pomroy, Human Resources Manager Harris, Utility Operations Manager Fischer, Recreation, Parks, & Facilities Manager Oberacker, and Administrative Liaison/Board Secretary Moga. District Legal Counsel Nelson was also present. The Pledge of Allegiance was recited. President Coolidge announced there were no changes to the agenda.

PUBLIC COMMENT AND QUESTIONS (2:00 p.m.): No requests for public comment were made.

EMPLOYEE ANNIVERSARY AWARDS:

Christopher Cannizzaro – Equipment Operator II – UOM Fischer, GM Johnson, and the Board members commended Mr. Cannizzaro for his longevity and dedication of 35 years of service to the District.

REPORTS TO THE BOARD OF DIRECTORS: *Reports are informational only, and no action will be taken.*

Tahoe-Truckee Sanitation Agency (T-TSA) Report – TTSA Representative Scott Wilson provided highlights from his report. Director Mourelatos encouraged TTSA to communicate the traffic impacts of the upcoming construction project on the sewer line in Highway 89.

Recreation & Parks Commission – Alternate Commissioner Jill Amen wasn't present to provide a verbal presentation; however, RFP Oberacker addressed questions from the board. Director Mourelatos spoke about the 'Don't Drop the Top' recycling program that turns waste into community benches.

Board Committee reports – Director Daniels noted that the Planning & Development Committee reviewed and recommended approval of the patch paving and Brockway Water Infrastructure Project. Director Thompson noted that the Personnel Committee recommended approval of the safety consultant contract and Utility Operations Compliance Inspector job description and reviewed executive agreements. In response to Director Daniels' inquiry, GM Johnson explained the wages for the inspector position. Director Mourelatos reported the Finance Committee discussed and agreed with the Rate Relief Program and accounts paid and payable.

CONSENT CALENDAR: *Consent Calendar items are routine items which are approved without discussion or comment. If an item requires discussion, it may be removed from the Consent Calendar prior to action.*

- Approve Accounts Paid and Payable for the Period from February 13, 2024 – April 8, 2024
- Approve the Special Meeting Minutes of March 7, 2024 and March 26, 2024
- Award a Construction Contract and Authorize the General Manager to Execute an Agreement and Purchase Order with West Coast Paving, Inc. for the Replacement of Asphalt Concrete in Various Locations
- Award a Construction Contract and Authorize the General Manager to Execute the Agreement with Vinciguerra Construction, Inc. for the Brockway Fire Protection Water Infrastructure 2024 Project
- Approve the Utility Operations Compliance Inspector Job Description and Wage Range and Modifications to the Organizational Chart and Incentive Certification Program
- Authorize the General Manager to Execute a Professional Services Agreement for Safety Consulting and Training Services

GM Johnson handed out an updated organizational chart, reflecting that an Operations Maintenance Worker I/II position would be replaced by the Operations Compliance Inspector for Consent Item F.5.

MOTION: Director Daniels moved to approve the Consent Calendar with the amended Organization Chart for item F.5. Director Mourelatos seconded the motion, which carried unanimously in favor.

GENERAL BUSINESS

Appeal of Connection Fees and Service Charges for the Accessory Dwelling Unit at 299 West Agatam Avenue (Timed Item) – General Counsel Nelson introduced the item and provided a PowerPoint presentation. GM Johnson and Legal Counsel Nelson addressed the board members’ questions. GM Johnson reported this property would be re-class from single-family to multi-residential for monthly service charges. Staff and Legal Counsel have interpreted this as a non-exempt ADU, which results in a connection fee based on the proportionate impacts on our system according to our Sewer Ordinance, which is written in accordance with the law. A new sewer lateral is not required but rather tied into the existing sewer lateral. Legal Counsel Nelson referenced the Sewer Ordinance and connection fees in the packet. He noted residential properties define how connection fees are charged with a base charge per living unit with a square footage component. An increase in the living area has an impact on sewer utilization, especially when a kitchen unit is added. Legal Counsel Nelson referenced the Sewer Ordinance, altered service requires the customer to pay additional connection fees. He added connection fees are not considered impact fees.

GM Johnson noted that if the appellant created an on-suite bedroom and then later considered adding a kitchen to the existing unit, he would not be required to pay the connection fee as that would make the ADU exempt under state law.

Board members shared their thoughts about the homeowner's attempt to increase workforce housing by going through the proper channels and how workforce housing is a strategic focus of the District. Director Daniels shared that she is aware that 40-50 ADUs already exist in the District, which probably didn't pay for the connection fees. She added that we must consider the code and whether we are trying to help or hinder the process. GM Johnson noted that our connection charges were reevaluated in 2018 and updated based on the feedback of the Mountain Housing Council. The update brought the District into compliance with scalable connection fees due to the proportional impact of the connection and also incentivized the building of ADUs or smaller homes.

Billy Janhunan, the appellant/homeowner, stated he built an ADU after TRPA's governing update, permitting deed-restricted ADUs and bonus units. He added that he interpreted the California law as this is an exempt ADU on existing space. Legal Counsel Nelson stated that NTPUD is interpreting state law correctly and is assessing a proportional connection fee for the intensification of the use rather than require a separate connection to the ADU and treat the ADU as a new residential use. GM Johnson added that if you have separate living quarters and separate uses, there could be blockage and backup, but we are allowing the appellant to leverage the existing infrastructure. Mr. Janhunan noted that his water base rate will double because he will go from single-family to multi-residential. He stated he appealed to avoid excess fees as he was trying to provide housing. He asked how this is different from the large lakefront house with two kitchens.

Director Daniels advised the District's Ordinance should be written to reflect what we are trying to achieve. GM Johnson stated the District is not for nor against Mr. Janhunan's project as we are agnostic about its use. At the moment, there are no District policy incentives to empower staff to endorse what TRPA or the County is doing. Staff's recommendation is to be aware of making exceptions to the Ordinance for individuals and instead update the Ordinance to allow the Board's desired policy priorities. There cannot be exceptions for ongoing service charges as Proposition 218 forbids the subsidization of one customer class to another customer class unless property tax revenues were utilized.

Director Hughes stated we are trying to stabilize the community, but what is the cost of making an exception. She added the average customer would pay for this as the cost doesn't go away. GM Johnson noted that if we grant this exception, we may see requests to grant the exception for a large lakefront home or STRs. Connection fees pay for capital projects, so staff would need to look at other revenue sources to address the shortfall.

Emily Setzer, Placer County principal planner, was present and stated she has been coordinating with MHC and working on incentivizing deed-restricted workforce housing.

During Director discussion, President Coolidge expressed the District's interest in contributing towards deed-restricted workforce housing but highlighted the need to create a policy to support this. Director Mourelatos emphasized the importance of being more proactive in supporting workforce housing, stating that there should be no connection fee for deed-restricted workforce housing. He also suggested a moratorium for those ADUs to incentivize

workforce housing, seeing this as an opportunity to think differently. President Coolidge acknowledged the bigger picture but noted that it may not be addressed immediately. Director Hughes brought up implications that cannot be ignored.

GM Johnson summarized the discussion; the Board would like to further discuss incentivizing deed-restricted ADUs, but not STRs or guest quarters on large estates. We could recognize the policy work by rejecting the appeal with the caveat that if the Board changes the policy, a future refund could be granted to the appellant. This would allow us to proceed today but benefit the appellant by a change in the policy in the future.

Director Daniels noted we would reject the appeal based on our current Ordinance, but in the meantime, we could update the Ordinance and defer payment until Certificate of Occupancy is issued. There is a lot of workforce housing coming online in the area. Staff noted fees had already been paid. Director Mourelatos asked what the District could legally do. He requested an analysis of service fees. GM Johnson spoke about possible changes in service fees, which could only happen prospectively with a new policy. It would be complex due to 218 implications. The connection fees are one-time charges, while service charges are recurring.

In response to Mr. Janhunan's inquiry about the difference between two people living in this house or adding this unit, GM Johnson explained how the cost of service customer class analysis behaves. It has to do with occupancy, multiple kitchens, and peaking factors for when water demand occurs. There is a great deal of analysis on why base rates are different and consumptive rates are different amounts based on the customer class.

MOTION: Director Thompson moved to deny the appeal associated with monthly service fees calculated for the proposed property for two dwellings. Director Daniels seconded the motion. The motion carried 4 to 1. Director Mourelatos opposed. Director Daniels requested future discussion of Ordinance changes.

MOTION: Director Thompson moved to deny the appeal on wastewater connection fees but to direct staff to reimburse the appellant for any paid connection fees if the District modifies the policy regarding connection fees within 18 months. Director Daniels seconded the motion. During a brief discussion, Director Thompson stated we are trying to make it more affordable to live here. We are losing our workforce, and we need to get it back. Director Daniels inquired if we could defer payment of the connection fees until the issuance of the Certificate of Occupancy. Staff noted that's not currently permitted under our Sewer Ordinance. The motion carried unanimously.

The Board provided direction to staff to analyze such a program and its implications.

The board took a brief recess.

Review, Discuss, and Possibly Approve Resolution 2024-08—Approving the Rate Relief Policy, Authorizing a Rate Relief Program, and Funding the Program for the Fiscal Year 2024-25 – CFO Van Cleave introduced the item and PowerPoint presentation.

CFO Van Cleave addressed questions about communication and courtesy reminders for the annual program expiration. She also discussed the eligibility of tenants with a secondary account or landlord pass-through. In response to Director Daniels' inquiry, GM Johnson noted that Liberty Utilities is a verifying agency only, and no money will flow through Liberty. Our rate relief program will be deployed into the community through the Sierra Community House and Liberty's CARE program as well as our own outreach efforts.

In response to Director Daniels' inquiry, CFO Van Cleave noted we will review this annually at the Finance Committee and set a budget based on our goals with the entire Board.

MOTION: Director Daniels moved to approve Resolution 2024-08, approving the rate relief policy, authorizing a rate relief program, and funding the program for FY 24/25. Director Hughes seconded the motion which carried unanimously in favor.

Review, Discuss, and Select One (1) Candidate from the List of Nominees for Regular Voting Special District Representative, and Select Up to Two (2) Candidates for Alternate Special District Representative on Local Agency Formation Commissioner (LAFCO) and Authorize the Board President to Cast the District's Ballot – GM Johnson introduced the item.

MOTION: Director Hughes moved to nominate Joshua Alpine for Regular Voting Representative, Judy Friedman for First Alternate Representative, and Joshua Alpine for Second Alternate Representative. Director Mourleatos seconded the motion. The Board briefly discussed the scenario if a current seating representative retires from their District, the alternate would fill the seat until permanently filled. The motion carried unanimously.

MANAGEMENT TEAM INFORMATIONAL UPDATES: *Reports are informational only, and no action was taken.*

General Manager/CEO Report - GM Johnson provided a brief update on the legislative affairs efforts and their trip to Washington, DC. President Coolidge shared her thoughts about their visit. She added that our efforts are paying off, and we are seeing a difference. Director Hughes stated she was pleased to see the positive outcome and appreciated the efforts.

Public Information Officer Report – PIO Broglio provided highlights from his report, including an update on the California Tahoe Conservancy's (CTC) SB630 grant program. He noted CTC funding consideration of the Secline Beach project is being deferred to 2025 due to urgent funding needs for AIS projects related to the New Zealand mud snail findings.

Accounting Department Report for the month ending February 29, 2024 – CFO Van Cleave provided highlights from her report. In response to Director Thompson's inquiry, the CFO provided an update on the transition from BMO to a Wells Fargo Bank account.

Recreation, Park, and Facilities Department Report – RPF Manager Oberacker provided highlights from her report, which the Board complimented.

Planning and Engineering Department Report – EOM Pomroy provided highlights from his report. Director Daniels noted she appreciated the report reflecting the competitive bid spread.

Utility Operations Department Report – UOM Fischer highlighted items from his report. Director Mourelatos inquired about the 5-year average of water production. UOM Fischer explained that measures are being taken to address the water loss issue, such as installing new watermains. Additionally, the State's water restrictions have contributed to reduced water production.

Legal Report – Legal Counsel Nelson highlighted items from his report, including pending water conservation regulations.

BOARD COMMENTS – Director Mourelatos suggested making the Pancake Breakfast free for the community or allocating the proceeds to the Friends of the Park. Director Hughes shared that Kurt Englehart, Senator Cortez-Masto's staffer, has passed away; he was a supporter of the lake and region.

LONG RANGE CALENDAR – After a brief discussion and review of the long-range calendar, the Board decided to hold a Capital Improvement Program budget special meeting on May 8, at 1:30 p.m. They decided a full tour of projects is not necessary this year. Additionally, a special budget workshop will be scheduled for May 28, from noon to 2 p.m. at the Event Center.

PUBLIC COMMENT AND QUESTIONS: There were no requests for public comment.

The board went into a closed session at 5:54 p.m.

CLOSED SESSION:

CONFERENCE WITH LABOR NEGOTIATORS – *Pursuant to Section 54957.6. Agency Designated Representative: Sarah Coolidge, President, and Phil Thompson, Director. Unrepresented Employees: General Manager/CEO and Chief Financial Officer*

There was no reportable action taken during the closed session.

ADJOURNMENT – With no further business to come before the Board, the meeting was adjourned at 6:35 p.m.