

APPROVED

**DONNER SUMMIT PUBLIC UTILITY DISTRICT
P.O. BOX 610 – SODA SPRINGS – CALIFORNIA – 95728
TELEPHONE (530) 426-3456 – FAX (530) 426-3460**

**Minutes of the Regular Meeting of the Board of Directors
Held: March 15, 2011**

STAFF PRESENT: Tom Skjelstad, General Manager; Jim King, Plant Manager; Julie Bartolini, Office Manager

OTHERS PRESENT: Geoffrey O. Evers, General Counsel; Catherine Hansford; Russ Powell; Dave Fama; Rob Kautz, Sugar Bowl

1. Call to Order

The Regular Meeting of March 15, 2011 of the Donner Summit Public Utility District Board of Directors was called to order at 6:13 p.m. by President Dave Oneto, at 53823 Sherritt Lane Soda Springs, California.

2. Roll Call

Cathy Preis, President	- Absent
Dave Oneto, Vice President	- Present
Bob Sherwood, Secretary	- Present
Philip Gamick, Director	- Absent - unexcused
Taylor Dolph, Director	- Present

3. Clear the Agenda

It was decided to move department reports to follow item 5.

4. Public Participation

None

5. Consent Calendar:

All items listed under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board requests an item to be removed from the Consent Calendar for a separate action. Any items removed will be considered after the motion to approve the Consent Calendar.

- A. Cash Disbursements – General, Month of February 2011 --
\$ 198,935.89**
- B. Cash Disbursements – Payroll, Month of February 2011 --
\$ 55,634.74**
- C. Regular Meeting Minutes of February 15, 2011**

Motion: Accept the Consent Calendar
By: Bob Sherwood
Second: Taylor Dolph
Vote: 3 Ayes, 0 Noes, 2 Absent, 0 Abstain
Motion Carries

7. Department Reports

A. Administration: Tom Skjelstad, General Manager

1. **Monthly Update of Stantec Activities-** brief summary of work activities by Stantec Engineers; both pre-design and environmental work for the Wastewater Treatment Plant Upgrade and Expansion Project. Greg Matuzak reported in an e-mail the following:

- The Forest Service NEPA documentation will be a stand alone document, but will be circulated with the CEQA document.
- The Admin Public Draft CEQA document is completed and ready to be submitted for review by the Forest Service and environmental groups.
- The NEPA document is being finalized by March 4, 2011.
- The joint CEQA/NEPA document will be sent to the Forest Service, USDA Rural Development, SRF, Nevada County Planning Department, and 3 environmental groups (SYRCL, Sierra Watch and Sierra Club) for their review. They will have three weeks to review the documentation.
- Stantec is on track to meet the schedule of finalizing the environmental compliance documentation by June of this year. If the Forest Service can review the documentation within the three week time period they may be able to finalize the CEQA and NEPA process by May.

Jeff Hauser reported in an e-mail project activities in February included the following:

- Received formal manufacturer proposals on UV disinfection systems and began evaluation.
- Completed the final Membrane System Request for Proposals and issued to manufacturers. Proposals are due March 16.
- Completed partial draft of Technical Memorandum on Solids Handling and provided to DSPUD for input before completion.
- Partially completed Technical Memorandum on Chemical Storage and Feed Systems.
- Completed draft Technical Memorandum on Effluent Irrigation Facilities.
- Worked on modifications to existing buildings, including consultation with Architect.

B. Sewer and Water Department – Jim King, Chief Plant Operator

1. **Waste Water Flow Data – for February-** Reported
2. **Fresh Water Flow Data – for February-** Reported
3. **Operations and Maintenance Summary –** activities during the month of February. Jim King reported the following:

Operations WWTP

- On 2/15 staff was informed of the failed acute bioassay test conducted from 2/8 to 2/12. The test returned a value of 25% survival, below the required 70%. A retest was conducted on 2/24 with 100% survival. The most likely cause was high effluent ammonia due to heavy weekend flows.
- Calibrated the effluent chlorine, sulfur dioxide and turbidity meters.
- On 2/17 staff was unable to collect the receiving water samples due to heavy snow and safety concerns. This is an allowable practice per the discharge permit.

Operations Water Plant

- Completed and sent out monthly fresh water report to DHS.
- Plowed out the freshwater plant and chlorine station using the snow cat.
- Thawed out the back wash holding tank line. Found out that the drain valve was closed. Opened drain valve solving the problem.

Repairs and Maintenance WWTP

- Changed damaged tire on the snow cat.
- Installed new lights and light guards on the snow cat.
- Installed new cooling fan blade and repaired cover on the head works grinder.
- Cleaned water supply system for the solids holding tank blower.
- Repaired damaged effluent chlorine analyzer sample feed system.

C. Monthly Safety Committee Meeting Minutes, Month of February

Motion: Accept the Safety Committee Meeting Minutes, for February

By: Bob Sherwood

Second: Taylor Dolph

Vote: 3 Ayes, 0 Noes, 2 Absent, 0 Abstain

Motion Carries

8. President's Report: None

9. Committee Reports: None

Recess- 6:22 p.m.

6:23 p.m. Cathy Preis arrived.

Resume Regular Meeting at 6:30 p.m.

11. Legal Report:

- 1. DRAFT Memorandum of Understanding For Sewer Connections and Wastewater Service By and Between DSPUD and Sugar Bowl Corporation-** establishing the terms and conditions under which the DSPUD will provide future sewer connections and wastewater treatment services to Sugar Bowl. Geoff Evers reviewed the draft MOU for sewer connections and wastewater service between DSPUD and Sugar Bowl Corporation.

Motion: Approve the MOU Between Donner Summit Public Utility District and Sugar Bowl Establishing the Terms and Conditions Under Which the DSPUD Will Provide Future Sewer Connections and Wastewater Treatment Services to Sugar Bowl with the Changes to be Made as were Discussed

By: Taylor Dolph

Second: Bob Sherwood

Vote: 4 Ayes, 0 Noes, 1 Absent, 0 Abstain

Motion Carries

- 6. Community Facilities District (CFD) – Catherine Hansford, Principal, Hansford Economic Consulting; Russ Powell, Vice-President, EPS, Inc., Dave Fama, Jones Hall.**

SCHEDULE:

Overall Project Schedule and Key Financing Dates

Catherine reviewed the wastewater treatment plant upgrade and expansion project financing schedule:

- Clean Water State Revolving Fund Loan March 2011 – April 2012
- Submit Environmental Documents March 2011- April 2011
- Submit Credit Review and Other April 2011 – June 2011
- Funding Commitment July 2011- May 2012
- Approval of Award February 2012 – March 2012
- Amended Financing Agreement March 2012 – April 2012

CFD Formation Schedule

Dave Fama reviewed the Community Facilities District Formation Schedule:

- Community Facilities District Formation April 2011 – October 2011
- CFD Goals & Policies April 2011 Board Meeting
- Resolution of Intention April 2011 Board Meeting
- Public Hearing/Resolution of Formation June 2011 Board Meeting
- CFD Elections April 2011 – May 2011 Board Action June 2011 Board Meeting.
- Resolution Canvassing Elections It was decided to hold a Public Hearing June 21st Board Action at the October 2011 Board Meeting.
- Hand Bill Expansion Units One-time Tax January 2012 – February 2012.

Timing for Returning Future EDUs to the DSPUD

Catherine explained that dependant on Board action, future EDU holders will have until the end of the fiscal year (June 30th 2011) to return their EDU.

TAX FORMULA KEY FEATURES:

Expansion EDU One-time Special Tax

It is proposed that the expansion EDUs pay a one-time special tax (currently estimated at \$1,070.00 per EDU) payable in the fiscal year that the special tax levy is recorded (fiscal year 2011-2012). The purpose of the one-time special tax is to level the amount of annual special taxes due per EDU each year thereafter. If EDUs are transferable then it will be preferable to have the special tax be the same regardless of whether the EDU was classified as for use by an existing, future, or expansion customer. Early payment of the expansion portion of the Project also reduces the total amount of the SRF loan since the one-time special taxes will be used to directly cash fund a portion of the project's costs. A smaller SRF loan reduces total costs borne by all customers.

Since the one-time special tax will be due before the special taxes can be placed on the assessor's roll in August 2012, the District may "hand bill" the one-time special tax for expansion EDUs for one year only. Hand billing reduced the Donner Summit PUD (District)'s leverage to collect payment of the tax therefore the following provisions in the Special Tax Formula are recommended.

- Special tax bills will be mailed to expansion EDU property owners in the December- January timeframe. Expansion EDU property owners will have until April 1st to make a payment. After April 1st a late charge of 10% will be incurred. The late charge will increase 1.5% per month thereafter.
- Any unpaid special taxes, including all accrued penalties, will be rolled onto the August 2012 assessor's tax roll.

Transferability of EDUs Between Improvement Districts

Defaults

Catherine and Russ explained that each improvement district is responsible for its share of special tax revenues. Tax payment defaults cannot be transferred from one improvement district to another.

EDU Transferability

Catherine and Russ explained that a Donner Summit PUD EDU will be transferable from one property to another within the Donner Summit PUD's service territory upon revision of the connection fee ordinance. In the future, properties annexed into Donner Summit PUD's service territory can be assigned transferred EDUs provided the properties also annex into CFD No.1.

Connection Fee

Catherine explained that the connection fee ordinance must be changed to include the following elements:

- Transferability of EDUs will be explicitly stated. The ordinance will remove the buy-back EDU provision. Any EDUs returned to the District by June 30th 2011 will remain with the District until they are sold.
- The connection fee will be payable as a special tax collected by CFD No.1 on the property that has acquired the EDU. Note that the purchaser will also have to pay the catch-up special tax described below if applicable.

The actual revised fee amount is uncertain at this time since the fee calculation depends on whether any future EDU holders (109EDUs) return their EDUs to the District. Future EDU holders will be sent a letter advising them of the new connection fee and the ability to return their EDU to the District. Per Ordinance 2009-01, many future EDU holders would receive a percentage of the original purchase price if they returned their EDU to the District.

Dependent on Board action, future EDU holders will have until the end of this fiscal year (June 30th 2011) to return their EDU. The new sewer connection fee will then be computed. Currently it is estimated that the connection fee will be revised from \$8,000.00 to between \$12,600.00 and \$13,000.00 per EDU.

Expansion EDU One-Time Special Tax

The Special Tax Formula will include provision for prepayment of the special tax obligation on the property. The computation of the prepayment amount will depend on when the prepayment is made.

Catherine Hansford explained that between the notice of special tax levy and June 30, 2012 EDU property owners will have the ability to prepay their special

tax obligation with zero financing charge. No financing charge is applicable since little to no money will have been loaned from the Clean Water State revolving Fund (CWSRF) program.

Prepayment Options

Russ Powell explained that between July 1, 2012 and June 30, 2013, EDU property owners will have the ability to prepay their special tax obligation with reduced financing charges. The Special Tax formula will provide instructions on how to calculate the prepayment amount using the interest rate in the loan financing agreement.

Russ also explained that beginning July 1, 2013 and any time thereafter, property owners may prepay their total special tax obligation using a methodology specified in the Special Tax Formula. The methodology used to determine the prepayment amount will generate an equivalent revenue stream that enables the District to continue to pay the property's share of Project debt service.

When an EDU property owner makes a full payment to CFD No.1, the prepayment is recorded on the tax roll and the property is thereafter levied \$0 tax. The property will remain in CDF No.1.

Catch-up Special Tax

In the event that DSPUD has EDUs available for sale (for example some of the 109 return their future EDUs) the purchasers of the EDU will pay for the connection fee with annual special taxes. The purchaser must also pay a catch-up special tax which comprises:

- a. All special taxes paid by the District on behalf of the EDU until the date of purchase.
- b. Financing charge/penalty to compensate ratepayers of the District who have carried the EDU's Project costs.

CDF BOUNDARY MAP(S):

Map of CFD Boundaries

Number of Votes per Improvement District

Russ spoke about the CFD boundaries and how the voting process will be different for each improvement district.

LEGAL AND OTHER TASKS:

Goals and Policies of the CFD(s)

Dave Fama reviewed the local goals and policies for Community Facilities Districts and the fact that they are to meet statutory requirement.

Voting

Russ explained that the CFD will encompass three separate improvement districts. The voting process will be separate for each improvement district and the results area shall not be dependant on another.

Catherine explained that in the event that the vote fails in one improvement district, sewer rates will have increase to service the allocated debt service to the parcels in the failed improvement district. For customers in CFD No.1 a credit will have to be issued because their sewer bill will then be too high. The credit may be issued on a CFD No.1 properties sewer bill or their special tax. Note that even if the property is currently using a septic system either method can work because once an EDU is purchased, the EDU owner pays sewer bills.

Letter to property owners with tenants who are registered voters a discussion ensued.

9. **Correspondence:**
None

12. **Ordinance 2011-01 Of the Donner Summit Public Utility District Defining and Classifying Connection Fees and Operating Charges for Sewer Service and Superseding Ordinance 94-04, Ordinance 81-09 and Modifying Ordinance 2009-01** – a proposed ordinance to terminate the seven (7) year sunset clause for EDUs purchased but not used, and setting a date certain when EDUs cannot be returned.

Motion: Adopt Ordinance 2011-01 of the Donner Summit Public Utility District to Defining and Classifying Connection Fees and Operating Charges for Sewer Service and Superseding Ordinance 94-04, Ordinance 81-09 and Modifying Ordinance 2009-01

By: Bob Sherwood

Second: Taylor Dolph

Roll Call Vote

Bob Sherwood	-	Aye
Phil Gamick	-	Absent
Dave Oneto	-	Aye
Cathy Preis	-	Aye
Taylor Dolph	-	Aye

Vote: 4 Ayes, 0 Noes, 1 Absent, 0 Abstain, 0 Vacancy

Motion Carries

13. **Informational** In accordance with Government Code Section 54954.2(a), Directors may make brief announcements or brief reports on their own activities (concerning the District). They may ask questions for clarification, make a

referral to staff or take action to have staff place a matter of business on a future agenda.

14. Adjournment


Motion: Adjourn Meeting at 8:14 P.M.
By: Bob Sherwood
Second: Dave Oneto
Vote: 4 Ayes, 0 Noes, 1 Absent, 0 Abstain
Motion Carries

Schedule of Upcoming Meetings

Regular Meeting - April 19, 2011
Regular Meeting - May 17, 2011
Regular Meeting - June 21, 2011

The wording in these minutes are as reread from the notes by the Clerk of the Board.

Respectfully Submitted,


Deleane Mehler
Clerk of the Board