

SQUAW VALLEY PUBLIC SERVICE DISTRICT

FINANCE COMMITTEE MEETING

DATE: March 25, 2019

Call to order at 3:00 P.M.

Public comment – none

Directors Present: Directors Dale Cox and Eric Poulsen

Attendees: Jessica Asher, Secretary to the Board; Brandon Burks, Operations Supervisor; Mike Geary, General Manager; Danielle Grindle, Finance & Administration Manager; Jessica Grunst, Account Clerk II/HR Specialist

Items reviewed by the Committee include the following:

D-1 Operating Account Check Register: Ms. Grunst reviewed the Operating Check Register numbers 46785-46866 and ACH payments. Staff reviewed payments of more than \$800 and provided an explanation of the following payments and a summary of electronic payments (ACH). There was also discussion of some payments less than \$800 that were of interest to the Committee members.

Check #	Name	Amount	Description
46785	Carl Gustafson	4,339.09	Medical Reimbursement
46791	Delta Fire Systems, Inc.	1,567.00	Annual Fire Alarm Inspection & Repairs 305 SVR
46792	Farr West Engineering	11,034.20	Truckee River Siphon Capital Project (7K) and Sewer Master Plan (3K)
46799	MassMutual Retirement Services	5,276.93	Deferred Comp
46801	Doug Nickerson	11,495.00	1810 Roof Snow Removal
46808	Snoquip, Inc	847.20	Bike Trail- Repairs for the Trackless
46810	Squaw Valley Business Association	3,000.00	2019 Annual Dues
46812	Standard Insurance Company	2,583.92	Dental Insurance
46814	Thatcher Company, Inc.	2,059.81	25% Caustic soda solution
46815	Thomas S Archer	1,910.00	General Legal (1760) PJ Well (75) RSC (75)
46817	Truckee Tahoe Propane	3,560.75	Heating fuel- 305 SV Road & 1810
46819	U.S. Bank Corp Payment System	830.30	Brandon CC- Jess, Brandon, Dave Prevailing Wage Seminar, Misc Amazon Supplies
46820	U.S. Bank Corp Payment System	1,118.02	Mike CC- Jess A. New Desk- (641) Microsoft 365-(224) Lunch Meetings
46827	MassMutual Retirement Services	5,276.93	Deferred Comp
46828	Adobe Systems Incorporated	1,019.40	5 Adobe Subscriptions
46829	AT&T	802.72	Phone Bill All Locations
46838	Kurt Gooding	891.39	CA State Paramedic Card Renewal & New Computer for Radio System
46839	Jessica Grunst	2,918.88	2019 Annual SHRM HR Conference LV- Flight, Hotel, and Registration (1800)
46841	Hunt & Sons, Inc.	1,907.57	Diesel & Regular Fuel
46843	Liberty Utilities	5,546.71	Monthly Electric all locations
46856	Tahoe Truckee Sierra Disposal	61,286.70	QRTLTY Garbage Payment 20.74 Per Unit @ 985 Customers
46858	Truckee Tahoe Propane	3,352.38	Heating fuel- 305 SV Road
46866	MassMutual Retirement Services	5,276.93	Deferred Comp

Director Cox asked if the District competitively bid the chemical treatment supplies. Mr. Burks responded that Thatcher Company, Inc. is the only company willing to serve the District.

Director Poulsen asked what the Alpine Lock and Key charge was for. Mr. Burks responded that it was for the door lock at 1810.

Director Cox asked how much savings the District received from Credit Incentive Points from the Special District Risk Management Authority (SDRMA). The admin report, G-4, was reviewed.

Director Cox asked why there were two charges from Tahoe Truckee Propane. Staff explained that the District is charged separately each time that propane is delivered.

Ms. Grindle reviewed exhibits D-2 through D-7:

D-2 Operations Enterprise Fund, Revenue vs. Expenditure/Balance Sheet

The statement shows 67% of the year has elapsed. Revenue is at 99% of the budget and expenditures are at 64% of the budget. When compared to the prior year at this time, the District's net surplus is \$125,000 lower.

Director Poulsen asked about the unplanned incentives/promotions. Ms. Grindle explained that it is challenging to predict what educational incentives will be completed during the budget setting process.

D-3 Fire Government Fund, Revenue vs. Expenditure/Balance Sheet

The statement shows 67% of the year has elapsed. Revenue is at 79% of the budget and expenditures are at 73% of the budget. Compared to last year at this time, the District's net surplus is \$271,000 less, primarily due to making additional payments to CalPERS. The facilities expenses are over-budget due to maintenance of the boilers as well as snow removal on the roof at 1810.

Director Cox asked if Squaw/Alpine was still reimbursing the cost of having additional fire personnel stationed at the Resort. Staff confirmed that was correct.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 67% of the year has elapsed. Revenue is at 58% and expenditures are at 67%. Revenue received year to date is primarily connection fees and tax revenue from Placer County. At the time of publishing this report, bank statements from Placer County are as of December 31, 2018.

There was discussion about the PlumpJack project. It is financially and politically beneficial for the District to wait for the project to move forward, however, the well needs to be in use sooner than later. As such the 2019-2020 budget will include budget for design and construction in 2020.

D-5 Combined Revenues/Expenditures/Balance Sheet

This report is for internal use only as a tool but is not intended to be an audited financial report. The report captures the District's position as a whole including enterprise funds (Operations/Administration Dept.), governmental operations (Fire Dept.), and Capital Reserves. The statement shows 67% of the year has elapsed, revenue is at 85% and expenditures are at 69%.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are Pro Equities Certificate of Deposit #2 at 3.10% and the Pro Equities Certificate of Deposit #1 is at 2.40%. At the time of publishing this report, bank statements from Placer County are as of December 31, 2018.

D-7 Bike Trail Snow Removal, Revenue to Expense

This statement shows 65% of the budgeted year has elapsed; 84% of the labor, materials, and fuel budget has been spent. The District has budgeted \$46,000 for this project and Placer County will be providing reimbursement on a time and materials basis.

Payments: Ms. Grindle reviewed the following payments with the Committee:

D-8 Tahoe Truckee Sierra Disposal Quarterly Payment

Payments: Mr. Burks reviewed the following payments with the Committee:

D-9 Progress Payment – Nickerson Roofing – 1810 Snow Removal

Payments: Mr. Geary reviewed the following payments with the Committee:

D-10 Progress Payment – Farr West Engineering – Truckee River Siphon

D-11 Progress Payment – Farr West Engineering – Sewer Master Plan

F-2 Update 2019 Committee Assignments and Appointments

Mr. Geary reviewed the committee assignments. Director Poulsen suggested that the finance committee include Victoria Mercer and Fred Ilfeld. Mr. Geary said this would be decided and reviewed at the Regular Board Meeting tomorrow.

Director Poulsen left the room.

F-3 First Draft of FY 2018-2019 Budget and Rates

During the 2016-17 fiscal year, the District completed a Cost of Service Analysis (COSA) and Rate Study which leveraged a recently completed 100-year Capital Replacement Plan. The COSA recalibrated the rate structure to more equitably reflect our different customer classes' use of our water and sewer systems. Staff is currently seeing the need to fund the water FARF at approximately \$400,000 per year, the sewer FARF at \$500,000 per year, and the Fire FARF at \$250,000 to be fully funded.

The 2019-20 rate increases are in line with the prior year Prop 218 notice and provide funding to achieve revenue requirements: 4% for water, 5% for sewer, and 2% for Garbage.

Payroll across the Operations department received a 2.31% cost of living adjustment (COLA). The fire and administration departments annual salary survey are underway. The first draft of the budget does not reflect any increases to their salaries other than merit increases where due.

The minimum CalPERS Unfunded Pension Liability payment is \$168,000 for the Miscellaneous group and \$190,000 for the Safety group. The District also has a priority to pay off our unfunded accrued liability in the next 4-6 years. This will require an additional \$400,000 payment for the utility department and \$219,000 for the Fire Department. The Fire Department will be taking a loan from the

Utility Department in order to do this. The fire department reserve is lower than preferred. Since the water and sewer departments have surplus funding, the fire department will receive an inter-company loan and 100% of the property taxes to allow the fire department to more aggressively pay down the UAL.

Fire department reserves are under the 60-day O&M expenses required per the Fire Department Reserves Policy. Ms. Grindle plans to write a memo to reflect acknowledgement of this and the plan to fund the reserve account over time.

The District has approximately \$2.5 million in capital projects planned for the coming year. This includes \$1.8 million for the Truckee River Siphon, \$125,000 for design and planning of the PlumpJack well, \$150,000 for replacing the roof at 1810 Squaw Valley Road, and lastly \$50,000 towards a regional training facility for the fire department.

Ad Valorem property tax revenue is estimated to increase 0.93% from our anticipated 2019 revenue, for a total of \$3,561,000 after fees are removed.

Director Poulsen re-entered the room.

Director Poulsen said he noticed that TTSD is increasing garbage rates and asked how that affected the District budget. Ms. Grindle responded that we have planned for 2% annual increases.

Director Poulsen noted that our Ad Valorem property tax is 0.93% but, it seems that the allowable increase in taxes is approximately 1.2% - Director Poulsen asked if we were being too conservative. Ms. Grindle explained the calculations she had taken to estimate property tax revenue was as suggested by Placer County and the group agreed that it was best to be conservative.

No further business coming before the Finance Committee, the meeting was adjourned at 4:41 P.M.

By, JA/DG