

**OLYMPIC VALLEY PUBLIC SERVICE DISTRICT
FINANCE COMMITTEE MEETING
DATE: APRIL 25, 2022**

Directors Present: Directors Dale Cox

Attendees: Brandon Burks, Operations Manager; Mike Geary, General Manager; Jessica Grunst, Account Clerk II/HR Specialist; Dave Hunt, District Engineer; Danielle Mueller, Finance and Administration Manager; and Allen Riley, Fire Chief.

Call to order at 3:00 P.M.

Public comment – None.

Items reviewed by the Committee included the following:

D-1 Operating Account Check Register: Ms. Grunst reviewed the Operating Check Register numbers 49867-49958 and ACH payments. Staff provided an explanation of the payments greater than \$800.

Check #	Name	Amount (\$)	Description
49867	AP Triton, LLC	2,272	Regional Service Study- OVFD Portion
49870	Badger Meter, Inc	2,108	Water Meter Replacement Project
49872	Danielle Bradfield	6,460	Approved Fuels Management Progress Payment
49874	CAL FIRE	7,895	Q4 FY22- Fire Dispatch Agreement
49875	California Rural Water Assoc.	1,900	CRWA 2022 Expo Registration Fees-Group Rate
49877	L. N. Curtis & Sons	2,646	Fire Turnout Replacements & Fire Equipment
49878	Farr West Engineering	13,160	Hidden Lake Loop/ West Tank RP/Pressure Zone 1A/ General Consulting
49880	Scott Halterman	1,001	Hotel, Meal & Mileage Reimbursement for attending class
49881	Franklin C. Jones	2,190	Vehicle Repairs Fire
49883	Life Assist	873	EMS Supplies Fire
49888	Sierra Controls, LLC	7,018	SCADA Server Replacement Progress Payment
49890	Springbrook Holding Co LLC.	1,030	Final Progress Payment for the Cloud Upgrade
49897	Western Nevada Supply Co.	4,092	West Tank Recoating Supplies

49898	Tahoe Truckee Sierra Disposal	73,907	23.62 Per Unit Q3 Trash Contract Jan-March 2022
49904	AP Triton, LLC	1,818	Cost Share of Regional Service Study-Fire
49913	Hunt & Sons, Inc.	2,162	Diesel & Regular Fuel
49914	Independent Technologies	1,680	IT Contracted Services- Internet Issues and New Computer Set-Up
49920	Thatcher Company, Inc.	5,067	Caustic soda solution Main Well and Well #5
49922	Thomas S Archer	1,320	General Legal March
49923	Total Compensation Systems, Inc.	1,800	GASB75 Full Valuation-2nd Installment
49926	Liberty Utilities	10,190	March Electric
49928	Badger Meter, Inc	3,239	Water Meter Project Progress Payment
49931	Carrier Corporation	6,226	Qrtly Boiler Maintenance Contract and Repairs
49934	Farr West Engineering	14,548	Progress Payment- Hidden Lake Loop/Pressure Zone 1A/General
49935	Hunt Propane, Inc.	7,903	Bulk Propane both 1810 & 305
49940	North Lake Auto Parts	1,111	Batteries and truck parts for Trucks-Ops
49943	Placer County Environmental	4,077	OVR Hazmat Fees July-June 2023 (all locations)
49944	Sierra Controls, LLC	3,032	SCADA Server Replacement Progress Payment
49949	Tahoe City Electric, Inc.	1,111	1810 Interior Ski Tune Shop Electrical Repairs/ Well House Repairs
49954	Thomas S Archer	1,050	Resort @ SC General Legal Billable
49955	U.S. Bank Corp Payment System	12,381	Monthly Cal Card Payment
49957	USA BlueBook	4,021	PH Sampling Parts/ Safety PPE/ and Water and Sewer Parts

Ms. Mueller reviewed exhibits D-2 through D-8:

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

The statement shows 75% of the year has elapsed. Revenue is at 97% of the budget and expenditures are at 62% of the budget. Compared to the prior year at this time, the net surplus is \$605,000 higher, mostly due to additional rate revenue and not providing an additional CalPERS unfunded accrued liability

(UAL) payment. Ms. Mueller reviewed and explained selected line items of the Operations Enterprise Income Statement and Balance sheet.

The District is underbudget on several items such as labor and consulting fees.

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

The statement shows 75% of the year has elapsed. Revenue is at 85% of the budget and expenditures are at 75% of the budget. Compared to the prior year at this time, the net surplus is \$64,000 lower, mostly due to fewer strike teams. Ms. Mueller reviewed and explained significant line items of the Fire Department Income Statement and Balance sheet.

Reimbursement for Station 22 staffing has been billed, it is approximately \$24,000 for the season. There was a discussion about vehicle repairs expensed to date.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 75% of the year has elapsed. Revenue is at 66%, or \$2,628,000 and expenditures are at 75%, or \$2,878,000. The District has received the Estimated Allocation of Property Taxes for Fiscal Year 2022, the total anticipated tax revenue, less any fees from the county, is estimated to be \$3,870,000. This is approximately \$132,000 higher than budget.

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, including enterprise funds (Operations/Administration Dept.), governmental operations (Fire Dept.), and Capital Reserves. The statement shows 75% of the year has elapsed, revenue is at 87% and expenditures are at 70%.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are Pro Equities Certificate of Deposit (CD) #2 at 3.10%. The Pro Equities Certificate of Deposit #3 is at 2.70% and Pro Equities Certificate of Deposit #1 is at 2.40%. Total funds on deposit are approximately \$9.8M.

Ms. Mueller indicated the CD at 2.4% is maturing this month and staff will be requesting from the Board that it get rolled into a new CD, currently earning 2.9%.

D-7 Bike Trail Snow Removal, Revenue to Expense

This statement shows 82% of the budgeted year has elapsed. The District has budgeted \$46,000 for this project and Placer County will be providing monthly payments split over the contracted winter months. Approximately \$38,000 has been billed to date.

Ms. Mueller indicated she expects the FARF to be funded at the budgeted \$25,000 at the end of the season.

D-8 Capital Improvement Financial Progress Report

Ms. Mueller reviewed the quarterly report, including the status of the projects. There was a brief discussion about the grant funded projects.

Mr. Hunt reviewed the following progress payments and provided a brief update on each project:

- D-9 Progress Payment – Farr West Engineering – Pressure Zone 1A Project
- D-10 Progress Payment – Farr West Engineering – Hidden Lake Water and Sewer Replacement Project
- D-11 Progress Payment – Badger Meter – Water Meter Replacement Project
- D-12 Progress Payment – Sierra Controls – SCADA Server Replacement

F-3 Second Draft of FY 2022-2023 Budget and Rates

Ms. Mueller reviewed the financial summary for budget year 2022-2023 in detail. She emphasized that it is early in the budget process and assumptions have been made while details are being researched.

The 2022-23 rate increases will require a Proposition 218 notice. This process gives all account holders a 45-day period to protest a rate increase, if so desired. It was designed to involve ratepayers in the rate-setting process. In the event a majority of ratepayers protest new rates, the proposed increases will not be allowed. For the May notice, the rate increases proposed are not to exceed 5% for water, 5% for sewer, and 10% for garbage. The final rates will be adopted at the June 28th Board Meeting. These increases are to provide funding to achieve budgeted revenue requirements. The water and sewer rate increases are consistent with prior year. The garbage increase is a result of the contract with Truckee Tahoe Sierra Disposal increasing 7%. For this second draft, rate revenue is budgeted to be approximately \$4 million. The water billing cycle will end at the end of April 2022 at which point the rate revenue for the FY 2022-23 budget will be finalized. Please see the current Prop. 218 rate notice attached which is scheduled to be mailed in May. Note the District plans to perform a new 5-year Cost of Service Analysis and Rate Study in FY2023 and is estimated to cost \$65,000.

Wages and benefits for staff in the Operations and Administration Departments will likely be affected by negotiations of a new Memorandum of Understanding (MOU), effective July 1, 2022. The District plans to complete negotiations, conduct a salary survey, and consider inflationary pressures before finalizing new salary scales.

Ad Valorem property tax revenue is estimated to increase 0.87% from the anticipated 2022 revenue, for a total of \$3,900,000.

Ms. Mueller reviewed the budgeted contributions to the CalPERS Unfunded Accrued Pension Liability (UAL). The Miscellaneous group has reached a 90% funding level as of the June 30, 2021 valuation. The Fire Department is expected to reach a 90% funding level in Fiscal Year 2026. This will require additional annual payments of \$200,000 for the next four years. This may be funded with an inter-company loan from the Sewer Fixed Asset Replacement Fund (FARF) if Strike Team and property tax revenues are insufficient.

In March of 2022, the District established a California Employers' Pension Prefunding Trust (CEPPT) and a California Employers' Retiree Benefit Trust (CERBT) with CalPERS for the purpose of prefunding retiree pension and health obligations. Ms. Mueller discussed the anticipated contributions.

Ms. Mueller reviewed the balance of the loan for the construction of the Administration Building / Fire Station 21 at 305 Olympic Valley Road. The remaining balance (with interest) is approximately \$853,000

and is scheduled to be paid off by August of 2028, however the District plans to accelerate the payback period and save on interest.

The District has approximately \$2.4 million in capital projects planned for the coming year, staff reviewed the planned projects.

Ms. Mueller reviewed the Fire Department operating budget including revenue, labor wages and benefits including the change in health insurance due to the most recent Fire MOU negotiations. There was a discussion about Capital Projects including the water tender.

No further business coming before the Finance Committee, the meeting was adjourned at 4:10 P.M.

By, MG/DM