

**OLYMPIC VALLEY PUBLIC SERVICE DISTRICT
FINANCE COMMITTEE MEETING
DATE: MARCH 27, 2023**

Directors Present: Directors Bill Hudson, Katrina Smolen

Staff Present: Jessica Asher, Board Secretary; Sam Donahue, Operations Specialist III; Jessica Grunst, Human Resources Specialist and Account Clerk II; Dave Hunt, District Engineer; Danielle Mueller, Finance and Administration Manager; and Allen Riley, Fire Chief.

Others Present: None.

Call to order at 1:00 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 50676-50740 and ACH payments. Staff provided an explanation of the payments greater than \$1,500.

Check #	Name	Amount (\$)	Description
50677	Badger Meter, Inc	3,155	Water Meter Replacement Parts
50681	Dept of Forestry & Fire Prot.	8,142	Q1 Actual Dispatch Services 7/1-9/30/22- Cooperative Agreement
50682	DOWL, INC.	2,265	SV Mutual Intertie and General Consulting Services Progress Payment
50686	McGinley & Associates	2,677	OVGMP Six Year Review and Report & Well 2R- On Call Support Progress Payment
50688	SEED Inc.	13,200	Building 305 HVAC Master Plan Progress Payment
50690	Squaw Valley Business Association	2,250	Annual Dues FY23
50691	U.S. Bank Corp Payment System	5,896	Feb Cal Card Payment- All Cards
50692	Verizon Wireless	1,700	Monthly Cell Phones plus three new phones for Fire Department Vehicles
50693	Adobe Systems Incorporated	1,727	Six Annual Adobe DC Subscriptions
50697	Hunt & Sons, Inc.	1,787	Bulk Fuel Delivery
50701	Somach, Simmons, & Dunn	9,509	Contract Legal Billable to Alterra Mountain Company
50705	Thatcher Company, Inc.	3,628	Caustic Soda Solution- Water
50706	Third Floor Story Corporation	1,800	IT Support

50714	Dept of Forestry & Fire Prot.	6,643	Q2 Actual Dispatch Services 10/01-12/31/22-Cooperative Agreement
50719	Hunt & Sons, Inc.	1,774	Bulk Fuel Delivery
50720	Hunt Propane, Inc.	8,603	Propane Delivery 1810 and 305
50721	Liberty Utilities	9,764	Feb Electric All Locations
50734	Tahoe Truckee Sierra Disposal	78,809	Quarterly Trash Contract (Jan-March)
50736	Thatcher Company, Inc.	5,077	Caustic Soda Solution- Water

In response to a request last month, Ms. Mueller provided detail on Squaw Valley Business Association budget and noted that the committee could discuss the benefits of membership further when Mr. Geary is in attendance.

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

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

The statement shows 67% of the year has elapsed. Revenue is 92% of the budget and expenditures are 59% of the budget. Compared to the prior year at this time, the net surplus is \$269,000 higher, mostly due to additional rate revenue, grants, and staff shortages. Ms. Mueller reviewed and explained selected line items of the Operations Enterprise Income Statement and Balance sheet.

There was a brief discussion about staff shortages and the new administrative assistant who is scheduled to start at the District on April 3rd.

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

The statement shows 67% of the year has elapsed. Revenue is at 66% of the budget and expenditures are at 62% of the budget. Compared to the prior year at this time, the net surplus is \$105,000 higher, mostly due to more tax and grant revenue, offset by less strike team revenue. Ms. Mueller reviewed and explained significant line items of the Fire Department Income Statement and Balance sheet.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 67% of the year has elapsed. Revenue is at 62%, or approximately \$2,565,000 and expenditures are at 67%, or \$2,682,000. The District has received the Estimated Allocation of Property Taxes for Fiscal Year 2023, the total anticipated tax revenue, less any fees from the county, is estimated to be \$4,270,000. This is an increase over the prior year actual revenue received by \$328,000 and \$365,000 higher than budgeted.

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 67% of the year has elapsed, revenue is at 78% and expenditures are at 61%.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are the ProEquities Certificate of Deposit (CD) #3 at 4.85%, the Cal Class Investment fund at 4.71%, and the ProEquities Money Market account at 4.22%. The Cal Class investment fund and the ProEquities Money Market accounts are liquid assets in the District's portfolio. Total funds on deposit are approximately \$10.8M.

D-7 Bike Trail Snow Removal, Revenue to Expense

This statement shows 64% 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, \$29,272 has been billed to date.

Mr. Donahue said the trackless snow removal machine has required maintenance and finding the parts and employing external maintenance providers has been challenging. Staff have been able to fix many of the issues internally. Staff noted that Placer County tries to avoid the bike trail while clearing the roadways, however it is difficult and there are that are consistent areas that have tough snow removal operations. Chief Riley and Mr. Donahue discussed the timing of snow clearing sharing that it is not necessarily done by priority, but rather that the bike trail is typically cleared first/during the storm as staff wait until the County has widened the residential streets to dig out hydrants.

D-8 TTSD Payment – 3rd Quarter

The third quarter payment to Tahoe Truckee Sierra Disposal (TTSD) is based on current records that there are 1,053 residential dwelling units amounting to payment of \$79,808.96 for the period of January – March, 2023.

Mr. Hunt reviewed the following payments:

- D-9 Progress Payment – DOWL Engineering – OVPSD/SVMWC Emergency Intertie Project
- D-10 Progress Payment – McGinley & Associates OVGMP Six-Year Review & Report
- D-11 Progress Payment – McGinley & Associates OVGMP Water Management Action Plan
- D-12 Progress Payment – Smith Power Products, Inc. – Zone 3 BPS Trailer Mounted Generator
- D-13 – Progress Payment – Olympus & Associates – West Tank Coating Project
- D-14 Progress Payment – SEED Inc. – 305 Olympic Valley Rd. HVAC Master Plan

F-4 First Draft of FY 2023-2024 Budget and Rates

Ms. Mueller reviewed the financial summary for budget year 2023-2024 in detail. She emphasized that it is early in the budget process and assumptions have been made while details are being finalized.

This budget draft proposed 2023-24 rate increases of 5% for water, 5% for sewer, and 10% for Garbage. The District will do a one-year Proposition 218 notice. The water and sewer rate increases are consistent with last year. The garbage increase is a result of the estimates 7% increase for the contract with Truckee Tahoe Sierra Disposal and the District's expansion of services such as green-waste bin rebates, green-waste days, chipper days, and bear box rebates.

Ad Valorem property tax revenue is estimated to increase 1.00% from the anticipated 2023 revenue, for a total of \$4,300,000. The budget has applied 98% to the Fire Department and the remaining amount is split between the water and sewer departments.

Mr. Hunt discussed the open grants for the utility department which include \$404,000 for the Mutual Water Intertie and \$371,600 for the Water Meter Replacement Project. Chief Riley discussed the open grants for the Fire Department which includes \$540,000 for the north ridge fuels reduction project.

In 2004, the District received a loan for the construction of the Administration Building / Fire Station 21 at 305 Olympic Valley Road for \$2,000,000 from the California Infrastructure and Economic Development Bank. The remaining balance (with interest) is approximately \$383,000. This is scheduled to be paid off by August of 2025, three years ahead of schedule, and is being paid with funds budgeted by the Utility Department. The total principal and interest payment for FY23-24 is budgeted at \$126,000.

Ms. Mueller discussed the minimum required contributions to the CalPERS Unfunded Accrued Pension Liability (UAL). In fiscal year 2022 CalPERS had an investment loss of -6.1%. Projections show this will reduce the Miscellaneous group's funding status to 87.5%. As such, the District is budgeting an additional discretionary payment of \$200,000 in fiscal year 2024. Projections show that the Fire Departments group's funding status will decrease to 80%. As such, the District is budgeting an additional discretionary payment of \$100,000 in fiscal year 2024. The Fire Department is expected to reach a 90% funding level in Fiscal Year 2027. This will require additional annual payments of \$200,000.

Wages are scheduled to increase for both bargaining units consistent with negotiated MOUs: 4% for Operations and Administration staff and 2.0% for Fire Department staff.

Property and liability insurance is expected to increase 20-25%, mostly due to reinsurance rates increasing as well as SDRMA's operating budget increasing by 8%.

Mr. Hunt reviewed the consulting services budget, noting that the services and consultants are not changing, however the rates have increased slightly based on economic factors.

Chief Riley provided additional details on the fire department budget discussing the short-term rental inspection fees, defensible space inspections, commercial inspections and consulting services with Feather River Forestry. Mr. Mueller reviewed all the operating expense line items.

Mr. Hunt and Chief Riley discussed the approximately \$1.9 million in capital projects planned for the coming year. Projects include phase 1 of the HVAC replacement at 305 Olympic Valley Road, the District-wide water meter replacement program, the Zone 3 tank recoating, and replacement of the Fire Department command vehicle, R-21 hurst tools, and SCBA bottles. Director Smolen suggested that staff include information about the HVAC replacement project in a future newsletter to share how the efficiencies will decrease the District's carbon footprint and result in cost savings for the District and rate payer. Mr. Mueller noted that the staff is working to update the 100-year capital plan before finalizing the budget.

F-5 Declare Fire Department Items as Surplus and Authorize Sale, Donation or Disposal of Items.

Chief Riley reviewed the staff report. The potential revenue is unknown, staff estimates it could generate \$5,000-\$20,000. Staff are awaiting additional information from a third-party vendor to determine if the equipment should be donated to Sierra County Volunteer Fire Department or sold. Chief Riley suggested that if the District can profit at least \$15k he would recommend it be sold.

However, benefits of donating the item include that it may be used in our jurisdiction on mutual aid amount other benefits.

No further business coming before the Finance Committee, the meeting was adjourned at 2:15 P.M.

By, JA/DM