

**OLYMPIC VALLEY PUBLIC SERVICE DISTRICT
FINANCE COMMITTEE MEETING
DATE: APRIL 24, 2023**

Directors Present: Directors Bill Hudson, Katrina Smolen

Staff Present: Jessica Asher, Board Secretary; 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 50741-50810 and ACH payments. Staff provided an explanation of the payments greater than \$1,500.

Check #	Name	Amount (\$)	Description
50746	DOWL, INC.	8,323	General Services & OVPSD/SVMWC Intertie Progress Payment
50748	Hunt Propane, Inc.	6,998	Bulk Propane for 1810 and 305 OV Rd.
50752	McGinley & Associates	5,585	OVGMP Six-Year Review & Report Progress Payment
50755	Olympus and Associates, Inc.	294,018	West Tank Recoating Project Progress Payment
50756	SEED Inc.	2,760	HVAC Master Plan 305 OV Rd. Progress Payment
50757	Smith Power Products, Inc	41,300	Trailer Mounted Portable Generator-Zone 3 BPS Progress Payment
50762	U.S. Bank Corp Payment System	5,950	Feb Cal Card Payment- All Cards
50766	Dept of Forestry & Fire Prot.	6,643	Quarterly Dispatch Agreement
50769	Hunt & Sons, Inc.	2,090	Bulk Fuel Delivery
50770	Hunt Propane, Inc.	3,334	Bulk Propane for 1810 and 305 OV Rd.
50778	Thomas S Archer	2,360	March General Legal
50782	Badger Meter, Inc	5,480	Water Meter Project Parts
50787	DOWL, INC.	3,145	OVPSD/SVMWC Intertie Project + Billable time to Everline
50790	Hunt Propane, Inc.	5,076	Bulk Propane for 1810 and 305 OV Rd.
50792	Liberty Utilities	11,915	March Electric All Locations

50793	McGinley & Associates	2,468	OVGMP Water Management Action Plan Progress Payment
50802	Thatcher Company, Inc.	6,463	Caustic Soda- Water Chemicals
50805	U.S. Bank Corp Payment System	4,479	March Cal Card Payment- All Cards

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. Revenues are 93% of the budget and expenditures are 68% of the budget. Compared to the prior year at this time, the net surplus is \$190,000 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.

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

The statement shows 75% of the year has elapsed. Revenues are 74% of the budget and expenditures are 70% of the budget. Compared to the prior year at this time, the net surplus is \$38,000 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.

Chief Riley clarified that defensible space inspections are performed year-round upon transfer of property ownership and upon being granted a short-term rental permit.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 75% of the year has elapsed. Revenue is at 63%, or approximately \$2,588,000 and expenditures are at 76%, or \$3,007,000. 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 75% of the year has elapsed, revenue is at 79% and expenditures are at 69%.

D-6 Fund Balance Statement

The statement shows the Cal Class Investment fund is yielding 4.98%, the CalPERS CEPPT (pension) Trust is yielding 4.24%, the CalPERS CERBT (OPEB) Trust is yielding 4.69%, and the ProEquities Money Market account at 4.45%. There is one CD with ProEquities that will maturing in May, at which point it will roll into the Money Market account. The Cal Class investment fund and the ProEquities Money Market accounts are liquid assets in the District's portfolio. The ProEquities Certificate of Deposit (CD) accounts yield between 2.70% and 4.85%. Total funds on deposit are approximately \$9.3M.

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, \$37,938 has been billed to date.

D-8 Capital Improvement Financial Progress Report

Ms. Mueller reviewed the quarterly report, including the status of the projects.

Mr. Hunt reviewed the following payments:

D-9 Progress Payment – DOWL – OVPD/SVMWC Emergency Intertie Project

D-10 Progress Payment – McGinley & Associates – OVGMP Water Management Action Plan

D-11 Progress Payment – Badger Meter – Water Meter Replacement Project

F-2 Second 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.

The 2023-24 rate increases will require a Proposition 218 notice included within the Board Exhibit. 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 27th 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 11%.

Ms. Mueller reviewed the Financial Summary for Budget Year 2023-2024 (page 10) in detail highlighting the anticipated tax revenue, rate revenue, and miscellaneous revenue which includes revenue from awarded grant funded projects and rental revenue which is split equally between the water, sewer, and fire departments. She discussed the administration building loan which has only three payments left, the anticipated payments for CAL PERS unfunded accrued liability (UAL) and the budgeted contributions to the fixed asset replacement funds (FARFs). The final meter readings of the billing cycle will be completed at the end of April, and updated rate revenue projects will be included in the final budget. the final meter readings for the She noted that Mr. Hunt has updated the 100-year capital plan to bring it into current dollars which improves the budget's accuracy.

Ms. Mueller reviewed the Operating Budget for Budget Year 2023-2024 for the Utility and Administrative Departments (page 11), and the Fire Department (Page 12). Highlights included that benefits costs are increasing, Cost of Living Adjustments (COLAs) are being applied in accordance with approved Memorandum of Understandings (MOUs), Workers Compensation insurance has increased, and the training and travel budget has increased due to having new staff and many delayed trainings during COVID.

The Capital Project Summary (Page 13) was reviewed and has minimal changes from the March Board Meeting except for an increase in the Zone 3 Tank Recoat Project cost.

Director Hudson asked if the staff had any concerns, Ms. Mueller responded that her biggest concern is if capital project expenses are much higher than budgeted, as costs keep rising. However, she said the District has been saving well and should be fully funded for anticipated projects.

F-3 Financial Audit Services – Three-Year Agreement for FY 2023-2025.

Ms. Mueller reviewed the staff report. She recommends continuing to use McClintock Accountancy Corporation for the District's annual audit. McClintock is the only local firm that offers governmental accounting. This is the last time we will renew their services as they are going to stop offering governmental accounting services and Ms. Galka will not be able to sign off after this contract. Competing firms are in Sacramento and the services are anticipated to be much more expensive.

No further business coming before the Finance Committee, the meeting was adjourned at 2:05 P.M.

By, JA/DM