

SQUAW VALLEY PUBLIC SERVICE DISTRICT

FINANCE COMMITTEE MEETING

DATE: March 26, 2018

Call to order at 3:00 P.M.

Public comment – none

Attendees: Directors Eric Poulsen and Fred Ilfeld; Mike Geary, General Manager, Kathryn Obayashi-Bartsch, Secretary to the Board; Danielle Grindle, Finance & Administration Manager; Jessica Grunst, Account Clerk II/HR Specialist; Brandon Burks, Operations Superintendent; Allen Riley, Fire Chief.

Items reviewed by the Committee include the following:

D-1 Operating Account Check Register: Ms. Grunst reviewed the Operating Check Register numbers 45754 – 45834 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 Payments:

- 45754 360 Rescue, LLC – rope rescue training – Kurt Gooding
- 45759 Mass Mutual Retirement – deferred compensation withholding
- 45769 Eva Szilagyi – toilet rebate for two toilets
- 45770 Hunt & Sons – unleaded & diesel fuel
- 45775 Stantec Consulting – Truckee River Siphon project
- 45785 Channing Bete – CPR training booklets
- 45787 LN Curtis & Sons – turn out gear
- 45789 Chris DeDeo – reimbursement for travel expense for training – Inspector 2D and Fireworks PDC
- 45792 Farr West Engineering – Truckee River Siphon & PlumpJack Well projects
- 45793 Graham's of Squaw Valley – refund check for overpayment of utility bill
- 45794 Hach Company – PH liquid probe
- 45796 Hunt & Sons – unleaded & diesel fuel
- 45797 InterFlow Hydrology – PlumpJack Well project
- 45798 International Training & Rehab Technologies – NASSCO training for Tyler Trojan
- 45800 Thomas Archer – legal services including Palisades & PlumpJack Well Projects
- 45801 Liberty Utilities – electricity for all facilities, wells & pumps
- 45804 Mass Mutual Retirement – deferred compensation withholding
- 45807 National Fire Protection Assn – Annual Fire Code & on-line training
- 45812 Pape Machinery – spacers for rear wheels on backhoe
- 45817 Standard Insurance – dental insurance
- 45818 Tahoe Truckee Sierra Disposal – quarterly payment for garbage services
- 45819 Thatcher Company – caustic soda
- 45820 Total Compensation Systems – 2nd payment for GASB valuation service
- 45822 Truckee Tahoe Propane – heating fuel
- 45823 Stanley Craig Trumbull – IT Services
- 45827 Dale Cox – payroll & medical reimbursement
- 45832 BankCard Center – asset keeper software, blue beam software & Microsoft 365 subscription
- 45833 Mass Mutual Retirement – deferred compensation withholding

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

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

The statement shows 66.7% of the year has elapsed. Revenue is at 97.2% of the budget and expenditures are at 62.5% of the budget. When compared to the prior year at this time, the District's net surplus is \$211,000 greater. Revenue is at 3.6 million, which is an increase from the prior year by \$253,000 due primarily to rate increases.

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

The statement shows 66.7% of the year has elapsed. Revenue is at 80.3% of the budget and expenditures are at 74.7% of the budget. Employee benefits are slightly over budget due to inadvertently omitting one employee's benefits in the budget. Also, benefits for part-time staff enrolled in CalPERS were not included in the budget

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 66.7% of the year has elapsed. Revenue is at 57% and expenditures are running at 67%.

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 Department) and governmental operations (Fire Department). The statement shows 66.7% of the year has elapsed and expenditures are running at 69.1%. Revenue is at 83.7% to the budget.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are ProEquities Certificate of Deposit at 2.4%. Placer County Funds (#541-003 and #541-435) are at 1.88 % which is higher than last month at 1.64 %. At the January Finance Committee meeting Director Ilfeld asked to add a column to show prior year balances which is now part of the monthly D-6 report.

D-7 Bike Trail Snow Removal, Revenue to Expense

This statement shows 64% of the budgeted year has elapsed and expenses are at 60% of the budget. The District budgeted \$70,000 for this project and Placer County will be providing reimbursement on a time and materials basis. The contract has been approved by the Placer County Board of Supervisors. Currently there is \$73,534 in reserves from prior year contributions. These funds will be refunded after the first payment from Placer County is received.

Payments: Ms. Grindle and Mr. Geary reviewed the following payments with the Committee:

- D-8 Quarterly Payment – Tahoe Truckee Sierra Disposal Company – Garbage Collection Service
- D-9 Progress Payment – Farr West Engineering – Truckee River Siphon
- D-10 Progress Payment – Interflow Hydrology, Inc. – PlumpJack Well
- D-11 Progress Payment – Farr West Engineering – PlumpJack Well Phase 2 Design
- D-12 Progress Payment – Andregg Psomas – Truckee River Siphon
- D-13 Progress Payment – Stantec – Truckee River Siphon

Ms. Grindle reviewed item F-3, First Draft of FY 2018-2019 Budget and Rates. The proposed budget was prepared with a focus on establishing adequate reserves of the District's Fixed Asset Replacement Funds (FARF's) while supporting the required resources to provide consistent and quality utility and fire services to the community.

During the budget preparation process, the Board's attention is drawn to estimated changes in property tax, changes in rate revenue, proposed utility rate increases, debt reduction or proposed new debt, operating budgets, capital budgets, pension expenses, and contributions to Fixed Asset Replacement Funds (FARFs). This is still early in the budget process and a few assumptions were made while details are being researched.

During the 2016-17 fiscal year, a Cost of Service Analysis (COSA) and Rate Study was completed 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 water and sewer systems. The Rate Study emphasized the District's priority to fund the FARFs to position itself to replace capital assets as they reach the end of their useful lives. Both the COSA and Rate Study provide guidance to fund the FARF's at levels that will preclude the need to seek alternative funding options such as special assessments, debt financing, and/or sharp rate increases. Staff believes that it is necessary to fund the water FARF at approximately \$625,000 per year, the sewer FARF at \$500,000 per year, and the Fire FARF at \$250,000 to be fully funded.

The 2018-19 rate increases are in line with the prior year Prop 218 notice and provide funding to achieve revenue requirements: 4% rate increase for water, 5% rate increase for sewer, and a 2% rate increase for garbage.

Payroll across the utility and the fire department includes a 2% cost of living adjustment. Per the Memorandum of Understanding (MOU) between the District and the Union representing the Operations Department the COLA is in line with the Consumer Price Index (CPI) as estimated by the U.S. Bureau of Labor Statistics (BLS).

The Fire Department is working on the annual salary survey and the results will be reflected in upcoming budget drafts. CalPERS Unfunded Pension Liability payment increased by \$28,000 to \$146,000 for the Miscellaneous group and increased by \$36,000 to \$153,000 for the Safety group. CalPERS, the District's pension plan administrator, is undergoing a "smoothing" process as they consolidate their pooled plans to further reduce risks and assure adequate growth in the pension plans.

Ad Valorem property tax revenue is estimated to increase 0.96% from the anticipated 2018 revenue, for a total of \$3,530,000 after fees are removed. This is a conservative estimate and uses the 2017/18 Placer County assessed property tax multiplied by the 2018/2019 California CPI, and then multiplied again by the Adjusted Gross Levy percentage of each of the District funds. The District operates on approximately \$3.1 million in rate revenue and \$3.5 million in tax revenue annually. These funds must be used to cover operations, pay for capital projects (estimated to be over \$3.4 million in 2018-2019), and save for the future.

No further business coming before the Finance Committee, the meeting was adjourned at 5:00 P.M.

By, KOB/DG