

**SQUAW VALLEY PUBLIC SERVICE DISTRICT**

**FINANCE COMMITTEE MEETING**

**DATE: June 29, 2020**

*Pursuant to the Governor's Executive Order N-29-20, issued March 17, 2020, the Squaw Valley Public Service District Community Room was not be accessible to the public for this Board meeting. All Directors and attendees participated via video/teleconference only.*

Call to order at 3:01 P.M.

Public comment – none

**Directors Present:** Directors Katy Hover-Smoot and Victoria Mercer

**Attendees:** Mike Geary, General Manager; Danielle Grindle, Finance & Administration Manager; Fabienne Gueissaz, Office Supervisor; Brandon Burks, Operations Manager; and Allen Riley, Fire Chief.

Items reviewed by the Committee include the following:

D-1 Operating Account Check Register: Ms. Grindle reviewed the Operating Check Register numbers 48035-48116 and ACH payments. Staff provided an explanation of the payments greater than \$800 and gave a summary of electronic payments (ACH).

Check #	Name	Amount	Description
48035	Amerigas	6,567.75	Heating Fuel 1810 and 305
48041	Atomic Printing	850.52	Defensible Space Letters & Proposed Water Rate Letters
48046	Dept of Forestry & Fire Prot.	9,197.50	Q3- Fire Dispatch Cooperative Agreement
48047	Donnoe & Associates, Inc.	1,115.00	Promotional Testing Materials
48050	Hunt & Sons, Inc.	803.35	Diesel & Regular Fuel
48058	Mountain Valley Roofing, LLC.	44,786.01	Progress Payment #2 1810 Roof/ Admin Bld 1810
48060	PAC Machine Company, Inc.	38,979.41	Sewer Bypass Pump / Some Parts
48062	SCBA Sales & Rental LLC	1,247.92	Replacement Breathing Air Tanks- Fire
48063	Sierra Controls, LLC	2,187.51	Zone 3 Booster Project
48064	Sierra-Sacramento Valley	1,000.00	Renewal of ALS/BLS Provider Application Fee FY20/21
48070	Thatcher Company, Inc.	3,503.25	25% Caustic soda solution - Main Well
48075	Farr West Engineering	3,264.25	TV Inspection Services and General Consulting
48090	ESO Solutions, Inc	2,995.00	Patient Care Reporting Software Renewal
48091	Fire Catt, LLC.	2,463.50	Annual Fire House Testing
48096	Liberty Utilities	6,334.73	Monthly Electric- All Locations
48111	Thomas S Archer	1,160.00	General Legal and Fire Legal
48112	U.S. Bank Corp Payment System	10,967.70	Cal Card Payments in full through end of FY

Ms. Grindle reviewed exhibits D-2 through D-6:

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

The statement shows 92% of the year has elapsed. Revenue is at 98% of the budget and expenditures are at 91% of the budget. In total, compared to the prior year at this time, the net surplus is \$62,000 lower. Ms. Grindle reviewed and explained each line item of the Operations Enterprise Income Statement and Balance sheet.

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

The statement shows 92% of the year has elapsed. Revenue is at 92% of the budget and expenditures are at 94% of the budget. Compared to the prior year at this time, the net surplus is \$50,000 lower. This is primarily due to not assisting in wildland fires year to date. Ms. Grindle reviewed and explained each line item of the Fire Department Income Statement and Balance sheet.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 92% of the year has elapsed. Revenue is at 107%, \$4.1 million, and expenditures are at 83.6%, or \$3.3 million. The total anticipated tax revenue, less any fees from the County, is estimated to be \$3,616,000. This is an increase over the prior year's actual revenue received by \$48,000 or %1.34 and is \$55,000 greater than the budgeted amount.

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 92% of the year has elapsed, revenue is at 102% and expenditures are at 92%.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are Pro Equities Certificate of Deposit #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 is approximately \$9.0M.

Ms. Grindle reviewed the following payments:

D-7 Tahoe Truckee Sierra Disposal Company (TTSD) Payment – 4<sup>th</sup> Quarter

The fourth quarter payment to TTSD is based on current records there are 1,000 residential dwelling units amounting to payment of \$64,278.60 for the period of April – June 2020. The 1,000 residents (some with multiple units on the property) do not include commercial properties or other housing units that contract with TTSD directly.

D-8 CalPERS Annual Lump Sum Payment of the Employer Unfunded Liability

The 2020-2021 Employer Unfunded Liability Payment for the safety plan is \$197,381. The payment for the miscellaneous plan is \$112,354.

Mr. Geary reviewed the following progress payments:

D-9 Progress Payment – Mountain Valley Roofing – 1810 Roof Replacement

D-10 Progress Payment – RPC Roof Consulting Services – 1810 Roof Replacement

D-11 Progress Payment - Farr West Engineering – Resort at Squaw Creek Inspection

D-12 Progress Payment - Farr West Engineering – West Tank Recoating Project

D-13 Progress Payment – Pac Machine – Emergency Sewer Bypass Pump

F-2 PUBLIC HEARING to Establish Appropriation Limits for Funds FD30144 and FD30146

Mr. Geary reviewed Resolution 2020-11, establishing an Appropriations Limit for Fund FD30144 for FY 2020-2021 and Resolution 2020-12, establishing an Appropriations Limit for Fund FD30146 for FY 2020-2021. Article XIII B of the California Constitution specifies that appropriations made by State and local governments may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction. The new appropriations limits for each fund are shown on the corresponding Resolution for consideration by the Board.

F-3 PUBLIC HEARING: Approve FY 2020-2021 Budget and Employee Salary Schedules.

Ms. Grindle reviewed items F-3, F-3A and F-3B. Item F-3 is a PUBLIC HEARING to Approve FY 2020-2021 Budget, and FY 2020-2021 Employee Salary Schedules. Item F-3A includes adoption of Resolution 2020-13, approving the budget for FY 2020-2021 and item F-3B included adoption of Resolution 2020-14 approving salary schedules for FY 2020-2021.

Mr. Geary said that this budget reflects the startup expense of the ambulance services but does not account for revenue until FY2022. The budget accounts for the cost of purchasing an ambulance, daily operations, and reserves. The Fire Department will continue to look for additional ways to diversify their revenues.

Mr. Geary reviewed the rate increases. Water will increase by 2.43% which covers the Cost of Living Adjustment (COLA), sewer will have a 0% increase, and garbage will be increased 3%, which partially covers the 3.29% increase from TTSD. Total rate revenue is estimated at \$3.7 million.

Ms. Grindle stated that property taxes are budgeted to increase by 1.14%. An increase is estimated because property values are taken as of January 1<sup>st</sup>, and this was pre-pandemic. The District is confident to see revenue increases for FY2021, however; not as confident for FY2022 and FY2023. As such there is a zero percent increase for property taxes in the budget for FY2022 and FY2023.

Mr. Geary discussed the plan to borrow \$600,000 from USDA to fund the West Tank Recoat project. Once the loan is obtained in FY2021, there will be a second \$600,000 payment to pay down the UAL coming from the Water FARE.

Mr. Geary discussed the change in staffing at the Fire Department. Three “seasonal” firefighters will work for 8 months during the busy seasons, and will be on a regular schedule, but at a part time rate. This additional staff member will allow ambulance service which shows significant financial benefit to the fire department over the next 5 years.

Ms. Grindle reviewed how she shopped for insurance policy for districts that have Fire Departments with big liabilities. SDRMA is increasing the District’s Property and Liability Insurance rates by 35%; Ms. Grindle contacted 4 large firms to get new quotes for property and liability insurance, but one of the agencies she reached out to were able to provide a quote or were able to beat SDRMA’s rates.

The District received grant from PCWA FAP, to support the pressure zone 1A project. This will require installing valves to reduce the pressure on the east end of the valley. The project will be \$1,000,000 when it is done. The District applied for grant funding from PCWA in the amount \$95,000 for planning; we received \$55,000.

Mr. Geary stated that the purchase of a CD has not happened this year. The rates are so low that it does not make sense for the District and more money can be earned by keeping funds with Placer County or LAIF. The district has 3 CDs on hand for \$250,000 each, which are FDIC insured, and earn between 2.4%-3.1%.

Mr. Geary presented on the Mutual O&M 5-year contract, with an increase in rates of the COLA. Mr. Geary also stated that the District expects to continue bike trail snow removal for \$46,000 per year paid by Placer County. These funds offset sewer/water operator's wages. Lastly, we expect the Fire Department to participate in strike teams but that revenue is not reflected in the budget.

Ms. Grindle reviewed the proposed FARF Contributions for FY2021 – Water \$190,000; Sewer \$150,000; Garbage, 9,000; Bike Trail \$25,000.

F-4 PUBLIC HEARING: Ordinance 2020-03 – Adopting Rates & Charges and Revised District Codes.

Ms. Grindle reviewed the item which will codify the rates and charges by adoption of Ordinance 2020-03. The new rates reflect a 2.43% rate increase to water, no changes to sewer, and 3% rate increase to garbage. There are no changes to connection fees.

F-5 PUBLIC HEARING: Request Placer County to Collect Delinquent Charges.

Ms. Grindle reviewed Resolution 2020-15, requesting Placer County to collect delinquent charges. At the time of the meeting twenty-one (21) accounts with overdue balances in excess of \$50 were outstanding from the July 1, 2019 annual water, sewer, and garbage billing. The aggregate total is \$41,602.18.

F-10 Capital Asset Policy.

Ms. Grindle reviewed the staff report. Staff is proposing that a new Capital Asset Policy be adopted. Items are capitalized if the project is complete and costs a minimum of \$5,000; and that the straight-line depreciation method will be used; studies are not capitalized. This formalizes the policy, and takes away any need for discretionary action by staff.

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

By, FG/DG