

**SQUAW VALLEY PUBLIC SERVICE DISTRICT**

**FINANCE COMMITTEE MEETING**

**DATE: December 17, 2018**

Call to order at 3:30 P.M.

Public comment – none

**Attendees:** Directors Eric Poulsen and Dale Cox; Mike Geary, General Manager; Jessica Asher, Secretary to the Board; Danielle Grindle, Finance & Administration Manager; Brandon Burks, Operations Superintendent, and Jessica Grunst; Account Clerk II/HR Specialist.

Items reviewed by the Committee include the following:

D-1 Operating Account Check Register: Ms. Grunst reviewed the Operating Check Register numbers 46495-46532 and ACH payments. Ms. Grunst reviewed payments of more than \$800 and provided an explanation of the following payments and a summary of electronic payments (ACH).

Check #	Name	Amount	Description
46495	Dale Cox	857.86	Payroll and Medical Reimbursement
46500	Carrier Corporation	2,617.14	Bld 305 Boiler Cleaning
46503	L. N. Curtis & Sons	4,648.22	Air Bags - Capital Repair/Replace
46505	Dell Marketing L.P.	1,212.35	Board Secretary- New Computer
46507	Dept of Forestry & Fire Prot.	8,054.51	Q1- 7/1-9/30/2018- Dispatch Actuals
46509	Farr West Engineering	2,945.00	Truckee River Siphon & Manhole Capital Projects
46511	G3 Engineering, Inc.	8,022.43	LC Pump Baldor Motor PACO-Zone 3 Booster Capital Project
46513	Hunt & Sons, Inc.	1,969.85	Diesel & Regular Fuel
46518	MassMutual Retirement Services	5,138.47	Deferred Comp
46525	Purchase Power	1,210.50	Postage meter refill
46526	Thatcher Company, Inc.	1,360.43	Main Well Caustic Soda and Pure Chlorine
46528	Truckee Tahoe Propane	2,296.24	Heating fuel- 305
46529	Truckee Tire	1,943.30	New Tires for the F-150 and Dodge (Utility Department)
46531	Van Essen Instruments	1,165.28	Ground Water OVGMP- Drivers

Director Cox asked who performed the boiler cleaning and how it went. Brandon Burks responded that Carrier Corporation performed the services well and noted that there was some extra work to get everything running for winter.

Director Cox asked Brandon Burks to clarify the pump size for Zone 3.

Mr. Geary asked if Pitney Bowes sold to Purchase Power. Jessica Grunst responded they had not and that both names are on invoice.

Director Cox suggested the District get a quote to Farrell Gas to determine the lowest cost for propane. Director Poulsen said that there is another company out of Reno, Hunt, which is starting to be competitive in this market as well.

Director Poulsen asked if the District was reimbursed for the Olympic Valley Groundwater Management Plan (OVGMP) Drivers. Mr. Burks said that it is paid by the District and will not be reimbursed.

Ms. Grindle reviewed exhibits D-2 through D-9:

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

The statement shows 42% of the year has elapsed. Revenue is at 91% of the budget and expenditures are at 39% of the budget. When compared to the prior year at this time, the District's net surplus is \$90,000 lower, mostly due to making additional payment to CalPERS. Ms. Grindle noted that the District is over the budgeted water wages but under the budgeted sewer wages and overall, the District is on plan for wage expense. The consolidated revenue is over \$3.6M to date and consolidated expenses are approximate \$1.2M. The total assets are over \$14.2M.

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

The statement shows 42% of the year has elapsed. Revenue is at 51% of the budget and expenditures are at 46% of the budget. Compared to last year at this time, the District's net surplus is \$106,000 less, primarily due to making additional payments to CalPERS. The revenue to date is over \$1.7M which includes reimbursements from the strike teams but does not yet include the Camp Fire.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 42% of the year has elapsed. Revenue is at 3% and expenditures are at 41%. Revenue received year to date is primarily connection fees. At the time of publishing this report, bank statements from Placer County have not been received due to a new accounting software and transferring all accounts. Statements through December are expected February 1, 2019. The District has received the Estimated Allocation of Property Taxes for Fiscal Year 2019, also known as the "September Surprise." The total anticipated tax revenue, less any fees from the county is estimated to be \$3,528,000. This is an increase over the prior year's actual revenue received by \$92,000 or 2.7%. Accounts receivable has increased due to the North Fire. It is typical that the District will draw from the Placer County accounts at this point in the year.

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 Dept.), governmental operations (Fire Dept.), and Capital Reserves. The statement shows 42% of the year has elapsed, revenue is at 53% and expenditures are at 42%. Revenue generated is at \$4M which is higher than budgeted.

D-6 Fund Balance Statement

The statement shows the highest yielding funds are Pro Equities Certificate of Deposit #2 at 3.10% and the Pro Equities Certificate of Deposit #1 is at 2.40%. Placer County statements are not up-to-date so that value is as of June 2018. The District has been depositing money to Certificate of Deposit accounts (CDs) in April of each year. Due to market volatility, the Pro Equities yield rate may not be as high next year.

D-7 T-TSA Payment – 2<sup>nd</sup> Quarter

The second quarter payment to TTSD is due and based on current records there are 984 residential dwelling units amounting to payment of \$61,224.48 for the period of October – December. The 984 residents (some with multiple units on the property) do not include commercial properties or other housing units that contract with TTSD directly. Ms. Grindle reminded the Board and staff that a year of fee relief had been approved for a house devastated by a fire.

D-8 Bike Trail Snow Removal, Revenue to Expense

This statement shows 9% 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. Just over \$4,000 has been billed to date.

Payments:

Ms. Grindle reviewed the following payments with the Committee:

D-9 Progress Payment – McClintock Accountancy – Fiscal Year 2017-2018 Audit. Ms. Grindle noted that this was the final payment and the cost was slightly under budget.

Mr. Geary reviewed the following payments with the Committee:

D-10 Progress Payment – Farr West Engineering – Truckee River Siphon – 91% complete.

D-11 Progress Payment – Farr West Engineering – Sewer Manhole Inspection – The District has received the data from this summer’s work. Engineering is scoring the manholes which will be summarized in a condition report. Upgrades will be prioritized in the capital replacement project schedule that will be included in the sewer master plan.

Mr. Geary noted that Dave Hunt, District Engineer, is looking for a qualified contractor at a reasonable cost for the Truckee River Siphon project and is considering a general contractor out of Utah and a driller out of Minnesota. Some redesign is required due to different radii requirements for the drilling apparatus.

F-7 CalPERS Unfunded Accrued Liability – Additional Payment

Danielle Grindle, Finance & Administration Manager, reviewed the item. The District contracts with the California Public Employees Retirement System (CalPERS) to provide pension services for its employees as a part of their overall compensation and benefits.

Governmental Accounting Standards Board Statement #68 (GASB 68) requires a calculation of the District pension plans’ “Unfunded Accrued Liability” (UAL) and for that estimate to be included in the District’s annual audited financial statements as of FY 2014-15.

The total UAL posted in our FY 2017-18 audited financial statements was \$5.7M. This balance accrues interest annually at a rate equal to the CalPERS’s *Discount Rate*, currently 7.0% for FY 2018-19. During the most recent budget cycle, the board approved an additional \$835,000 payment to the UAL which was made in July of 2018. Based on this payment, the updated UAL is \$4.9M. The District can save a considerable amount of money in interest payments by paying off the District’s UAL early, for example paying \$100,000 will save us \$7,000 over the year.

During the budget cycle last year, the Board determined we want to focus on paying down this UAL.

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Director Poulsen asked about the language in the board report discussion which stated that the funds are 73% and 75% funded. It was clarified that \$2.1M and \$2.7M are the new estimated unfunded portions if we make an additional payment.

#### F-8 Fire Department Pay Scale Revision

Mr. Geary reviewed the item. An hourly wage increase is proposed to maintain consistent wages with neighboring Districts. The part-time program is a valuable and very cost-effective way of providing staff during predictably busy times, to cover absences for full-time staff due to strike teams, vacation, sick time, training, etc., and to create a pool of motivated and capable employees for filling vacancies in the full-time staff.

At present, part-time Firefighters are paid \$16.82/hour for the training period and \$17.66/hour after their initial training is complete. Those eligible to practice as Paramedics receive an additional 10% (the same Paramedic incentive paid to the full-time staff). The proposed new rate would be \$17.95/hour for the training period and \$18.85/hour once training is complete and following a successful evaluation.

Part-time staff have been utilized to cover full-time staff doing reimbursable work outside of the Valley and thus, to date we are currently under budget in labor. As such, we anticipate zero to minimal impact on our labor budget by implementing this hourly wage increase.

No further business coming before the Finance Committee, the meeting was adjourned at 4:13 P.M.

By, JA/DG