

SQUAW VALLEY PUBLIC SERVICE DISTRICT

FINANCE COMMITTEE MEETING

DATE: April 23, 2018

Call to order at 3:30 P.M.

Public comment – none

Attendees: Directors Eric Poulsen and Fred Ilfeld; 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 45835 – 45915 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:

- 45838 Andregg Engineering – Truckee River Siphon project
- 45840 Wesley Beyer – aka WT Graphics for printed shirts
- 45845 Angela Costamagna – cleaning service for two months
- 45846 Cranmer Engineering – annual state reporting forms & sample pick up
- 45848 Czyzs Appliance – gas range/oven replacement
- 45850 Dept. of Forestry – Fire department dispatch service for 3 months
- 45852 Farr West Engineering – Truckee River Siphon, PlumpJack Well projects & general services
- 45854 First American Title – title guarantee for the Truckee River Siphon easement
- 45855 FlexiSpot – standing, ergonomic desks
- 45858 Hunt & Sons – unleaded & diesel fuel
- 45862 Thomas Archer – legal services including Resort @ Squaw Creek & Granite Chief
- 45864 Mass Mutual Retirement – deferred compensation withholding
- 45869 Pitney Bowes – quarterly postage for postage meter
- 45879 Standard Insurance – dental insurance
- 45882 Thatcher Company – caustic soda
- 45884 Truckee Tahoe Propane – heating fuel
- 45887 Vision Service Plan – vision insurance
- 45888 Western Nevada Supply – water lids
- 45889 Dale Cox – payroll & medical reimbursement
- 45892 AT&T – phone service & internet
- 45893 Bank Card Center – Fire Chief credit card – staff meeting snacks, regional Fire Chief lunches, emergency light battery, gas meter clips, Amazon prime membership, extension cords, gas meter detectors, pizza dinner for those who helped with house fire & EMS supplies
- 45894 Bank Card Center – General Manager credit card – notary membership, safety flagger class, Microsoft 365 subscription, Panoramic Feedback GM evaluation, Costco check stock & envelopes
- 45899 Farr West Engineering – Truckee River Siphon, PlumpJack Well & Palisades projects
- 45900 Hunt & Sons – unleaded & diesel fuel

45902 Liberty Utilities – electricity for all facilities, pumps & wells
45905 Mass Mutual Retirement – deferred compensation withholding
45908 Office Depot – file folders & cleaning supplies
45908 Placer County Environmental – hazmat permit fees for all facilities
45914 Truckee Tahoe Propane – heating fuel

Bluefin payment of 4/15/2018 is for credit card processing service.

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

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

The statement shows 75% of the year has elapsed. Revenue is at 98.3% of the budget and expenditures are at 70.2% of the budget. When compared to the prior year at this time, the District's net surplus is \$202,000 greater. Revenue is at 3.66 million, which is an increase from the prior year by \$248,000 due primarily to rate increases offset by less tax revenue allocated to the water department

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

The statement shows 75 % of the year has elapsed. Revenue is at 87.7% of the budget and expenditures are at 82.6% of the budget. Compared to last year at this time, the District's net surplus is \$49,000 greater.

D-4 Capital Reserve Fund Balance Sheet/Income Statement

The income statement shows 75% of the year has elapsed. Revenue is at 57.4% and expenditures are running at 75.1%.

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 75% of the year has elapsed and expenditures are running at 76.8%. Revenue is at 83.9 % 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 1.66% which is lower than last month at 1.88 %. 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 but as of this date no funds have been received by the District. 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.

D-8 Operations Dept. Petty Cash Register

There was no activity in this account.

D-9 Fire Dept. Petty Cash Register

There was no activity in this account.

D-10 Capital Improvement Financial Progress Report

Ms. Grindle reviewed the report, including the status of the projects.

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

D-11 Progress Payment – Farr West Engineering – Truckee River Siphon

D-12 Progress Payment – Farr West Engineering – PlumpJack Well Phase 2 Design

Ms. Grindle reviewed item F-4, Second 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.

In response to the Rate Study and the 5-year Proposition 218 notice, staff is proposing rate increases as a funding mechanism for the FARFs. This equates to a four percent increase in rates for water, five percent increase in rates for sewer, and two percent increase in rates for garbage. Director Poulsen said it would be great if the rates could be a bit lower than what was posted in the 218 notice.

The Utility and Administration departments are planning for \$2,970,000 in capital projects for FY 2018-2019. For FY 2018-2019, staff is proposing contributions to the Water FARF in the amount of \$350,000, and \$400,000 for the Sewer FARF. The study shows a need to build up to \$600,000 in funding each year for the Water FARF and \$475,000 each year for Sewer FARF to stay fully funded. In the coming year, staff plans to increase the Water FARF to \$1,078,000, which is about 71% of its peak in 2009. Major projects for the year include the beginning of Phase II for the PlumpJack Well, annual replacements of fire hydrants, the Zone III Booster Pump Station, and various replacements at the 305 and 1810 facilities. It is anticipated there will be a reduction in the sewer FARF to \$2,057,000, from \$3,474,000 in FY-2018-2019. This is primarily due to completing the Truckee River Siphon; the District's largest sewer capital project and estimated to cost about \$1,800,000.

Operations expenses are expected to increase by \$112,000 or 15 percent from FY 2017-2018. All employees in the Operations and Administration departments are receiving a 3.07 percent cost of living adjustment per the Consumer Price Index as estimated by the U.S. Bureau of Labor Statistics. In addition to a COLA, many employees will be receiving step increases as well as anticipated incentives. Total wages are budgeted at \$1,172,000. Employee benefits are budgeted at \$637,000 or nine percent higher from FY 2017-2018.

The Fire Department is planning for \$488,000 in Capital projects for FY 2018-2019. The largest expense is for a Water Tender which the District is seeking grant funding. Other replacement projects include Advanced Life Support monitors, turnout gear, hoses, and work at the 305 and 1810 Squaw Valley Road facilities. These projects are entirely funded by the FARF. There is a new capital project for a Regional Training Facility with other regional Fire Departments in the amount \$50,000. Staff anticipates the Capital account to have a zero balance at year end and the Fire FARF to be at \$531,000.

The Fire Department operating expenses are expected to increase by \$143,000, or 4.7 percent. This is primarily due to salary increases ranging from one percent to four percent depending on the salary survey for each position. Wages are budgeted at \$1,894,000, an increase of \$56,000 from FY 2017-2018. Benefits are increasing due to wages increasing as stated above, as well as the CalPERS Unfunded Pension Liability payment increasing by \$36,000, to \$153,000.

Ms. Grindle reviewed item F-5, Annual Purchase of Certificate of Deposit (CD) with Protective Securities, Inc. The safety of the recommended CD is considered low risk in addition to being fully insured by the Federal Deposit Insurance Corporation (FDIC) and the recommended CD carries no penalty fees if funds are withdrawn early. Lastly, the current interest rates for a five-year CD are three percent annually, whereas Placer County investment funds are currently yielding about 1.66 percent annually. The proposed CD purchase is in compliance with the District's investment policy. The investment policy prohibits investments in CDs in excess of thirty percent of the total of the District's reserve funds. The proposed \$250,000 CD, along with another CD purchased last year for \$250,000 is well below that limit.

District staff would like to transfer funds in the amount of \$250,000 into a five-year CD. In the event the District needed the funds before the maturity date, funds may be withdrawn without penalty. Over a five-year term, \$37,500 in interest earnings is expected and will be paid annually.

No further business coming before the Finance Committee, the meeting was adjourned at 4:50 P.M.

By, KOB/DG