



Sun Valley G.I.D. Special Budget Workshop Minutes of April 10, 2012

Board Members Present:

Margaret Reinhardt	Chairperson
Linda Woodland	Vice-Chair
Sandra Ainsworth	Secretary
Robert Fink	Trustee

Board Members Not Present:

Garth Elliott	Treasurer
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Staff Present:

Darrin Price	SVGID, General Manager
Mike Ariztia	SVGID, Public Works Director
Carol Bratcher	SVGID, Accountant
Jennifer Merritt	SVGID, Staff
Maddy Shipman	SVGID, Legal
Bill Short	SVGID, CPA

Others Present:

Patricia Lancaster	Audience
Vicky Maltman	Audience
Warren Brighton	Sun Valley CAB, Chairperson

The meeting of the Sun Valley GID was called to order by Chairperson Margaret Reinhardt at 6:00 p.m. in the Sun Valley District Administrative Building, 5000 Sun Valley Blvd, Sun Valley, NV.

Item#1. Roll call and determination of a quorum.

Board members present; Robert Fink, Linda Woodland, Margaret Reinhardt, Sandra Ainsworth. A quorum was present.

Item#2. Pledge of Allegiance.

Item#3. Motion to approve agenda

Linda Woodland made a motion to approve the agenda. Sandra Ainsworth seconded the motion. The motion carried unanimously.

Item#4. Certify posting of agenda.

Jennifer Merritt certified posting of agenda.

Item#5. Public comments for items not on the agenda.

None

Item#6. Board Comments.

None

Item#7. Review and possible motion to approve the Proposed Tentative Budget for Fiscal Year 2012/2013.

Darrin Price opened the workshop by thanking staff members Carol, Mike, Jon, and Jennifer for all their work and assistance with the proposed tentative budget. Tonight's workshop will give the Board a chance to preview the proposed tentative budget prior to discussing it at our next regular meeting on April 12, 2012. The Board must approve the proposed tentative budget no later than April 13, 2012 with the option of revising the budget up until the District's Budget Hearing that is scheduled for May 17, 2012. Darrin briefly went over the budget and explained what each column represents. He reported the proposed tentative budget is similar to the District's current fiscal year budget with some additional decreases and some increases to some budget line items. The line items that are proposed to have a significant increase are water purchased, sewer joint plant operation, utilities, gas, compensation.

Darrin proceeded with the District's Water Operating Fund. He reviewed each of the water operating revenues and it is proposed there will be a minimal increase in revenue. This increase is related to the \$2 rate increase that was approved May of 2011 and Reconnection Fees for customers who were disconnected for non-payment. He reminded the Board that they approved a base rate increase for water only because Truckee Meadows Water Authority was proposing a 4% rate increase last year which did get approved by TMWA. Overall the Total Operating Revenues will continue to remain flat over the next year.

Darrin reported on the District's Operating Expenses. For Employee Compensation and Benefits, there is a significant increase due to unfreezing a vacant office position that Management hopes to fill this fiscal year and recent approved compensation increases for three positions. Management also added 5% to employee compensation for consideration of raises for all employees. He reminded the Board that during employee evaluation time, the Board can approve any percentage they want to as long as it does not exceed 5%, if the proposed budget is approved, including the option to continue with no raises again. He commented he has spoken with the District's health insurance representative regarding premiums for the upcoming year. It is proposed there will be a 10% - 15% increase, Darrin budgeted 15% increase for health insurance to be on the safe side, but he is hoping it comes in lower. All other employee benefit expenses have a slight increase because they are related directly to compensation pay such as Medicare, Social Security, retirement, and workers comp. Deferred compensation has a slight increase because of the hiring of a new employee for the vacant office position.

Darrin reported there will be an increase in water purchased now that TMWA approved their 3-year phase-in rate increase during their January 18, 2012 meeting. The first increase of 3.5% took effect in February 2012, it is proposed to have another increase of 3.4% in February 2013, and a 2.1% increase February 2014. He also increased the power for pumping water since NV Energy is proposing a rate increase. Darrin reminded the Board that both Mike and Jon worked really hard on limiting the amount of time the District has to use the main pumps to pump water to the storage tanks. Both Mike and Jon use the Boundary tank to supply water to all the storage tanks because it is more cost effective. The Boundary tank gravity feeds the water supply to all the other tanks which has saved the District almost \$75,000 annually in pumping expenses.

Both the Administrative Expenses and the Contract Services remain the same with very little increases to conventions and travel expenses. The increase is because the majority of the training conventions will be out of town this coming year. Staff is very grateful for attending these conventions and tries very hard to keep these expenses down. As an example, staff drove to the last two conventions that have been in California instead of flying.

Darrin reported most of the Services and Supplies Expenses remain the same with the exception of the significant increase to the SCADA system. The existing SCADA system is outdated and staff

needs to upgrade to a new technology. Staff is also still working on updating all of the computer systems that are outdated. Repairs and Maintenance has a few significant increases that are related to the office building HVAC system, increase in gas prices, repair and maintenance for meters and boxes. Darrin anticipated that utilities will remain the same as last year with the exception of the rate increase from NV Energy and Waste Management. After applying depreciation and bond payments the District has a net income loss for water of (\$259,859). He commented last year the Board approved the current budget with a proposed net income loss of (\$319,868) and it is estimated at the end of the fiscal year the net income loss will be (\$103,922) and last year's audit showed a net income loss of (\$135,845). He commented over the last several years staff has done everything possible to help keep expenses down to a minimum. He feels that staff was able to give Garth Elliott more than a 6% savings as requested by keeping expenses down and not spending everything that was budgeted for. Darrin reported he is not proposing any rate increase at this time for water.

Chairperson Reinhardt called for a 10 minute break at 7:50 p.m.

Darrin reported the District's Sewer Fund is very similar to the Water Fund since most of everything is split 50/50. The biggest increase to the sewer budget is regarding the Joint Plant Operation because of some upcoming maintenance that is needed at the treatment plant. After applying depreciation, bond payment, and fixed and finished payment for the District's portion at the treatment plant, the District has a net income for sewer of \$72,228. Darrin reported he is not proposing any rate increase at this time.

Darrin reported on the District's Acquisitions Fund. The Acquisition Fund is made up from the following revenues; Ad Valorem Taxes, interest earned, CTAX, and development fees. However, staff is not anticipating any development fees this coming year. The District was very conservative the last several years and delayed a majority of the District's capital improvement projects for both water and sewer. This year staff would like to complete a few capital improvement projects for both water and sewer. There are minimal improvements for the parks and pool that are needed too. There are some other small miscellaneous projects budgeted for, but some of the more noticeable ones is the purchasing of a new backhoe that staff is still investigating, a request to purchase a new truck that would replace an older truck the District has had for 17 years. There is one more phase left of purchasing Flexnet Meters before the District has completed the meter change out.

Darrin reported on the District's Properties and Garbage Fund. These revenues are from garbage franchise fees, rental income, rental late fees, and interest earned. All of the District community events are paid with garbage franchise fees. There are no significant changes to the Properties and Garbage Fund.

Darrin reported on the District's Recreation Fund. The Recreation Fund is made up of several revenues; monthly Recreation Fee, rentals of the parks and Neighborhood Center, rent from tenants at the Neighborhood Center and Teen Center, and Pool Admission. In the past staff split the revenue received from the recreation fee 50/50 between the parks and pool. This year we are going to split those funds 60% towards parks and 40% towards pool, since the majority of the expenses are related to the upkeep of the parks. The only significant increases to the Recreation budget is the lease agreement for the security equipment that was installed last year, background checks because the District agreed to pay for background checks for volunteers, and gas and power for facilities due to the rate increase from NV Energy. After applying depreciation the District has a net income loss of (\$90,843). Darrin reported he is not proposing any rate increase at this time.

Darrin reported that staff has done a good job at keeping expenses down and staying within budget. Darrin has cut the budget over the past several years and has gotten the budget as close to zero as

possible for a non profit organization. He will continue to keep expenses down because he cares for the community and understands that hardship the community is experiencing. Darrin reported the tentative budget is on the District's regular board meeting agenda for approval on April 12, 2012. The Board can request to hold additional workshops if they would like and they have up until May 17, 2012 to modify the budget if necessary.

Item#8. Public Comments.

None

Item#9. Board Comments.

None

Item#10. Future agenda items.

None

Item#11. Adjournment.

Linda Woodland made a motion to adjourn at 9:45 pm. Sandra Ainsworth seconded the motion. The motion carried unanimously.