



Sun Valley G.I.D. Special Budget Workshop Minutes of April 12, 2011

Board Members Present:

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

Board Members Not Present:

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

Others Present:

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. Motion to approve agenda

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

Item#2. Certify posting of agenda.

Jennifer Merritt certified posting of agenda.

Item#3. Public comments for items not on the agenda.

None

Item#4. Review and possible motion to approve the Proposed Tentative Budget for Fiscal Year 2011/2012.

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 14, 2011. The Board has the option to approve the proposed tentative budget tonight if desired, with the option of revising the budget up until the District's Budget Hearing that is scheduled for May 19, 2011.

Robert Fink requested that the budget be placed on the agenda as a regular item until the District approves the final budget.

Darrin briefly went over the budget and explained what each column represents. Darrin 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, health insurance, and retirement. He inquired if the board would like for him to review the budget line by line or to report on the highlights.

Robert Fink commented he thought last year reviewing the budget line by line was very educational.

Linda Woodland commented she would like to review just the highlights.

With no other requests or comments Darrin proceeded with the District's Water Operating Fund. Darrin reviewed each of the water operating revenues and it is proposed there will be a 4.12% increase in revenue. Staff is not proposing an increase in revenue from development, but a proposed increase in New Account Setup, Late Charges, and Reconnection Fees. Darrin commented he spoke with members with Truckee Meadows Standing Advisory Committee and they are considering proposing to Truckee Meadows Water Authority "TMWA" a 4% rate increase. The proposed rate increase would not be until this fall, but it would affect the District's budget. He added 4% to the District's Water Charges in the event the District has to pass through any rate increase from TMWA. Overall the Total Operating Revenues will continue to remain flat over the next year just like the past four years.

Darrin reported on the District's Operating Expenses. For Employee Compensation and Benefits, Management is proposing no raises for all employees. The slight increase is due to the \$1.00 raise the Board of Trustees gave the employees this fiscal year that was not originally budgeted for. Darrin reminded the board the raise was given to the employees for the additional duties they all assumed related to the operation of the parks and pool. Significant increases to note are; Health Insurance, Medicare, and Retirement.

Darrin reported he increased the water purchased by 4% due to the proposed TMWA rate increase. Most of the Administrative Expenses remain the same with a proposed .26% decrease as well as a 5.45% decrease for Contracted Services.

Darrin reported most of the Services and Supplies Expenses remain the same with the exception of the increase to postage, street cut permits, and computer services and supplies. Staff was directed last year to start upgrading the District's existing computers and computer system. Many of the computers are becoming outdated, and newer computers will not support the District's current operating system making the computers incompatible. It is proposed that the Services and Supplies Expenses will increase by 28%.

Repairs and Maintenance has a significant increase due to some maintenance that is required every so often such as sealing the exterior walls of the District building. Other noticeable expenses are for batteries for customer meters, parts for valves and pumps, and gas. It is proposed that the Repairs and Maintenance will increase by 41%.

A slight increase of 8% to utilities. These utilities include gas, electric, water, sewer, phones, and garbage for the District's office, shop, and annex.

Darrin reported the overall proposed budget total water operating expenses is 8% higher than the existing budget. After applying depreciation and bond payments the District has a net income (loss) for water of \$341,000.

Chairperson Reinhart called for a 10 minute break at 7:30 p.m.

Darrin reported the District's Sewer Fund is very similar to the Water Fund since most of everything is split 50/50. 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 \$5,900.

Darrin reported on the District's Acquisitions Fund. There is a 7% decrease to non-operating revenues. These revenues are from Ad Valorem Taxes, interest earned, CTAX, and development fees. Staff is proposing delaying a majority of the District's capital improvement projects for both water and sewer for another year. Some of the noticeable expenses are the purchase of the Flexnet meters, computer hardware, computer software, the approved backhoe, and some other small miscellaneous projects.

Darrin reported on the District's Properties and Garbage Fund. It is proposed there will be a .24% decrease to non-operating revenue. These revenues are from garbage franchise fees, rental income, rental late fees, and interest earned.

Darrin reported on the District's newest fund the Recreation Fund. Last year staff did its best to run the Sun Valley Community Park and the Sun Valley Norma G. Fink Pool Complex to the best of their ability. Now that there has been one year of operation, staff has a general idea of what to expect for expenses. There is a 3% increase to non-operating revenues. These revenues are from the approved customer recreation fee, pool admission, and park/facility rentals. Majority of the expenses remain the same with the one noticeable increase to landscaping. The District assumed ownership of the remaining three parks this January. Staff is proposed three options to help decrease expenses and/or increase revenue to offset the net income loss;

- Amending the existing lease agreements and interlocal agreements for the Neighborhood Center and ask that all tenants pay their share of utilities.
- A reduced swim schedule to help reduce some of the pool expenses.
- Increase recreational fee from \$3.02 to \$3.58 per customer.

Darrin comments after applying depreciation the District has a net income (loss) for recreation of \$37,965.

Darrin reminded everyone that the District must approve a proposed tentative budget this week. The Board of Trustees can approve what has been presented tonight, or there is an agenda item for discussion and motion on this Thursday's meeting if the board would like to review it more.

After some discussion Garth Elliot made a motion that the District trustees and staff do their due diligence and prepare for any questions for Thursdays meeting.

Maddy Shipman suggested if the Board wants to make a motion, the motion should be to approve the proposed tentative budget. If you don't want to approve it tonight, then no motion is needed since it is on the next regular board meeting agenda for this Thursday. She also reminded the board that the District can modify the proposed tentative budget at any time before the District's budget hearing scheduled for May 19, 2011.

Garth Elliot withdrew his motion.

Linda Woodland made a motion to approve the 2011/2012 proposed tentative budget as presented. Sandra Ainsworth seconded the motion. The motion carried by the following;

*Yea: Robert Fink, Linda Woodland, Sandra Ainsworth, Margaret Reinhardt
Opposed: Garth Elliott*

Item#5. Discussion and possible motion to set a Tariff Hearing for May 17, 2011 at 6 pm.

Darrin Price reported when the District proceeded with the Secondary Wholesale Point, the District like everyone else at the time, paid a premium for construction. It was intended that the funds to pay for the 20 year water bond would come from 40% of the District's existing customers, since it is a

second source of water for them and 60% would be paid by new development. When the construction of the Second Wholesale Point was complete development stopped everywhere. Several years ago a water analysis was performed by John Collins and it was proposed that the District would have to incrementally raise its monthly service charge to existing customers if development was to stop. At that time the prior Board decided not to raise its water rate and see if development would come back. This left the District having to use a portion of its reserves to help pay for the water bond payment. Darrin reported the District can only continue using its reserves for five more years before the District would be forced to raise the water rate. At which time, the District would have to raise the water rate \$8.26 per month, per customer. Staff is proposing to break up the \$8.26 that is needed to cover the annual water bond payment over the next five years. If at any time development starts back up, then the Board could consider lowering the rates.

After some discussion Linda Woodland made a motion to set a Tariff Hearing for May 17, 2011 at 6 pm to review District's Rule 21 to consider a possible increase to the monthly service charge for water. Sandra Ainsworth seconded the motion.

Garth Elliott commented he is concerned having a Tariff Hearing on a Tuesday because most audience members attend the regular scheduled meetings that are on Thursdays.

Darrin commented he will make sure there is adequate advertising for the hearing.

The motion carried by the following;

Yea: Robert Fink, Linda Woodland, Sandra Ainsworth, Margaret Reinhart

Nay: Garth Elliott

Item#6. Public Comments.

None

Item#7. Board Comments.

Garth Elliott commented after reviewing the proposed tentative budget he thinks it gave the board a good idea how the upcoming year will go. He also commented he is glad to see District staff pursuing a Volunteer Program for the District. He is a strong believer with the help of volunteers; the District has the opportunity to cut expenses. Garth would also like to see the pool advertised more and the possibility of selling merchandise to help bring in additional income.

Margaret Reinhardt thanked staff for their hard work on the proposed tentative budget.

Item#8. Future agenda items.

Item#9. Adjournment.

Linda Woodland made a motion to adjourn at 9:17 pm. Sandra Ainsworth seconded the motion. The motion carried unanimously.