



Sun Valley G.I.D. Special Budget Workshop Minutes of April 18, 2013

Board Members Present:

Sandra Ainsworth	Chairperson
Garth Elliott	Vice-Chair
Margaret Reinhardt	Secretary
Joseph Barstow	Treasurer
Susan Severt	Trustee

Board Members Not Present:

Staff Present:

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

Others Present:

Lori Cusick	Audience
Robert Fink	Audience

The meeting of the Sun Valley GID was called to order by Chairperson Sandra Ainsworth 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; Joseph Barstow, Garth Elliott, Sandra Ainsworth, Margaret Reinhardt, Susan Severt. A quorum was present.

Item#2. Pledge of Allegiance.

Led by Joseph Barstow

Item#3. Motion to approve agenda

Margaret Reinhardt made a motion to approve the agenda. Susan Severt 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.

Lori Cusick commented April 19, 2013 at 2 pm the Regional Transportation Commission will be holding a public hearing regarding the proposed Pyramid Hwy / US 395 Connector project. She will be attending the meeting and encouraged everyone else to attend if they could to help represent Sun Valley.

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, Erin and Jennifer for all their work and assistance with the proposed tentative budget. The Board already approved the tentative budget on April 11, 2013, but the Board still has the option of revising the budget up until the District's Budget Hearing that is scheduled for May 16, 2013. Darrin briefly went over the budget and explained what each column represents. He reported the tentative budget is similar to the District's current fiscal year budget with some additional decreases and some increases to some budget line items. He proceeded with the District's Water Operating Fund. He reviewed each of the water operating revenues and it is proposed that revenues will be just about the same as last year with no significant increases. He stated that staff is not recommending any rate increases for water at this time.

Garth Elliott inquired if the District performs the backflow testing for District customers and if so how much does the test cost. He also inquired if the District has ever considered performing backflow tests outside the District.

Darrin responded and confirmed that the District performs all of the backflow tests within the District boundary. The District charges for these test and is reimbursed by the customer. The District does not perform any backflow tests outside the District because then the District would be acting as a vendor/contractor. He didn't have the exact test amount, but thought it cost \$40 to \$50 per test.

He continued on the District's Operating Expenses, for Employee Compensation and Benefits. Last year the District was hit hard with health insurance premiums, with anticipation of another similar increase he had originally built in a 15% increase for the 2013/2014 tentative budget which was approved at the April 11, 2013 board meeting. He received the insurance renewal quote yesterday and the actual increase is 6.5%, this will reflect a reduction of 8.5% in both the water and sewer funds for the health insurance line item when the Board approves the final budget. He reminded the Board and audience that employees' wages and benefits are paid from both the water and sewer funds. In past years he has always built in 5% for employee compensations for potential merit increases, this year that has been reduced to 3%. All other employee benefit expenses such as workers comp, PERS, Medicare are fixed rates and deferred compensation is based on employee participation.

Margaret Reinhardt noticed that Deferred Compensation has been reduced and inquired why.

Darrin responded that Deferred Compensation is based solely on employee participation. Not every employee participates in the program or contributes the same amount as another employee, so it will vary year to year.

He continued and reported the two most expensive items for the District is the purchase of water and power used for pumping. As previously mentioned at a prior board meeting TMWA will not be

implementing a rate increase this year. Therefore, the line item for the purchase of water is the same as last year. The line item for the purchase of power is also the same as last year. Both Mike and Jon have done a good job using the Second Boundary Tank to supply water to the rest of the tanks; this has cut back on the amount of pumping the District used to do. The District normally only pumps water during off-peak times when needed to save cost; it all depends on the water demand levels. Administrative Expenses remain the same with very little increases to conventions to accommodate some upcoming Springbrook conferences that office staff might attend this coming year.

Garth Elliott inquired if it is customary for agencies to pay for employees to attend training conferences to keep up with their certifications. He stated his opinion is that the District is helping pay to build employee resumes by paying for their training.

Darrin responded, over the past several years he noticed that some agencies started splitting the cost. Some only pay for the cost of registration, lodging, and per-diem and the employee would be responsible for travel expenses, or the agency will pay for all traveling expenses but not the registration, or split the cost for both it all varies.

Mike Ariztia assured Garth the District employees are not attending the trainings just to build their resumes. It is a requirement that each certified water operator maintain their certificates and this is done by attending training and earning continuing education credits. The District does not have a high turnover rate with employees and if they were just building their resumes, the District would see a higher turnover rate with employees.

Darrin continued and stated there is potential for savings regarding the water quality report. Mike is looking into it at the moment, but the District may not have to print the water quality reports anymore and can post it on the website. The requirements for this are the District must advertise the direct website link on the bills for three consecutive months. In addition, if a customer chooses to still receive a printed report the District will provide them one and put them on a mailing list for future reports.

Carol Bratcher commented the line item for liability insurance is the District's standard liability insurance, automotive insurance, and also a pollution liability policy. The District receives its insurance through Pool Pact.

Darrin continued with Contract Services. It shows a significant increase because of the recent approval to outsource the printing and mailing of the District's billings and notices. The outsourcing also includes the printing of the quarterly newsletters and other miscellaneous flyers. Even though it shows an increase for this service, it really offsets other expenses the District would normally pay for the printing of forms, newsletters, miscellaneous flyers, envelopes, and savings on equipment and supplies. He reported most of the Services and Supplies Expenses have a minimal increase. Postage has a small increase with anticipation of an increase in postage rates. The biggest increase is for Water Samples because of some new mandated water samplings.

Mike reported that the State has mandated additional water samplings to test for unregulated contaminants. The District is only required to perform these samplings for one year. Last year the District also was required to start testing for disinfection byproducts which was not built into the current budget. This will be an ongoing water sampling for the District.

Garth stated he hopes postage will go down if the District moves in the direction to allow for electronic billing and payment options. He noticed an increase for SCADA maintenance and inquired if it would benefit the District by training an employee to maintain the SCADA system.

Darrin responded the District had a field employee that was knowledgeable with SCADA and they were compensated for it. It was a difficult balancing act because when the District really needed that employee to work in the field full-time, then the SCADA responsibilities weren't being met or visa-versa. Another good example when Carol was originally hired she was hired for accounting and because she had such a good knowledge of computers she assumed additional responsibilities regarding IT. Over the years IT became more demanding the District had to hire a consultant to assist her with some of those duties. Darrin continued with Repairs and Maintenance, it has a few significant increases that are related to the increase in gas prices, repair and maintenance for heavy equipment (the Vacon needs some repairs) pumps and motors, and tanks. Darrin anticipated that utilities will remain the same as last year with the exception of potential rate increases from NV Energy and Waste Management.

Garth Elliott stated he would still like for the District to explore ways to save on energy. He also inquired if staff uses other vendors for parts or does the District strictly use Western Nevada Supply.

Mike responded the District does purchase the majority of its supplies from Western Nevada Supply because they offer the most competitive price. Mike does have staff request for three or more quotes on other parts and supplies to make sure the District is receiving the best pricing available.

Darrin continued and reported after applying depreciation and bond payments, the District has a net income loss for water of (\$345,666). He commented last year the Board approved the current budget with a proposed net income loss of (\$259,859) and it is estimated at the end of the fiscal year the net income loss will be (\$188,955) and last year's audit showed a net income loss of (\$117,510). He commented over the last several years staff has done everything possible to help keep expenses down to a minimum.

Darrin reported the District's Sewer Fund is very similar to the Water Fund since most of everything is split 50/50. There is an increase in revenue for actual sewer charges and this is based on the winter evaluation the District performs each year. It is assumed that during the winter months any water used is for consumption and not for irrigating, therefore any water that is used enters the District's sewer system. During the evaluation process staff takes an average of three months water usage for each individual customer and creates a sewer consumption which is then used for that customer for the remainder of the year. Another increase in revenue is related to the Washoe/Construction.

Carol stated that the Washoe/Construction revenue is a reimbursement to the District from Washoe County for their share of OM for the treatment plant. Washoe County also reimburses the District for their portion of the use of the District's sewer interceptor.

Darrin continued 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 briefly reviewing each expense account that have no significant changes, applying depreciation, and fixed and finished payment for the District's portion at the treatment plant, the District has a net income for sewer of \$25,781. He commented last year the Board approved the current budget with a proposed net income of \$72,310 and it is estimated at the end of the fiscal year the net income will be \$76,058. Staff has reduced the sewer budget by (\$46,000) to come closer to zero as much as possible for a non-profit organization.

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 some other small miscellaneous projects budgeted for. Some of the more noticeable ones is for the last phase of the meter change out, SCADA equipment purchase to replace outdated equipment, and utility billing software upgrade. He reported the District has funds available in reserves to pay for these projects.

Mike stated that the District's existing SCADA equipment is outdated and is no longer supported. Because of the expense of the replacement of the SCADA equipment he is proposing a phase in approach so the District is not hit with a huge expense.

Carol explained how the Acquisition Account is used. All new assets related to water, sewer or recreation is budgeted for in the District's Acquisition Account and Acquisition funds are used for the purchase. Once that asset has been purchased it then get moves to the appropriate account water, sewer, or recreation for operation and maintenance expenses.

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.

Garth commented he would like to see a similar program put in place like the dumpster program that is funded by the District's Properties and Garbage Fund, to assist customers with water related emergencies such as breaks, leaks, and hardships.

Bill Short responded the District is not allowed use funds from one account to support another account. The purpose of the District's Properties and Garbage Fund is to pay for expenses related to the rental properties and beautification and/or cleanup projects that can benefit the community. Any assistance programs related to water or sewer would have to come from those appropriate accounts.

Susan Severt inquired if purchasing a paint truck to help with graffiti removal and/or paying into a fund to have someone paint over graffiti or adding more funds towards Keep Truckee Meadows Beautiful for illegal dump task force training would be consider beautification.

Darrin responded both those ideas would be considered a beautification.

Darrin continued with 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. Staff is doing its best to promote the pool since it is the biggest revenue generator as well as having all users of the Neighborhood Center reimburse the District for their share of the center. There is a minimal increase to the Recreation budget for training, community events, and utilities of approximately \$4,800. Staff is proposing the same budget with some minimal cuts to the pool operation of (\$1,200). After applying depreciation the District has a net income loss of (\$94,150). Darrin reported staff is doing everything possible to keep costs down as much as possible. The District is trying to implement more programs at the Neighborhood Center as requested and to help generate more revenue. However, the revenue from these programs is not enough to balance the budget. As he mentioned before if the District was to consider increasing the Recreational Fee by \$.16 per month per customer, this would help balance the budget before depreciation.

Garth commented his main concern is the District is not doing anything outside the rental of the pavilions such as encouraging donations. He thinks this would help generate additional revenue.

Mike responded that the District has generated more revenue this year from park users such as the leagues, rentals of the pavilions and center, including adding programs from various independent contractors.

Darrin reported 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. The Board still has the option to do an additional workshop on May 2, 2013 if desired. If the Board would like to have another workshop it needs to be requested under future agenda items.

Item#8. Public Comments.

None

Item#9. Board Comments.

Garth Elliott commented with Maddy on Board and her astuteness, it has created an era of censorship to the Board members by virtue of compliance with the Open Meeting Law. He would like to see the agenda foster more discussion and still be compliant with the Open Meeting Law.

Maddy Shipman responded she does review the agendas. She assumed Garth is referring to the current agenda that did not have a separate agenda item regarding consideration of another workshop.

Sandra Ainsworth commented she didn't have a problem with the agenda and if anyone would like to have another budget workshop to request one under future agenda items.

Darrin Price had offered to meet with both Garth and Maddy regarding the wording of agenda items to make sure Garth is comfortable with future wording of agenda items.

Susan Severt commented she doesn't know if censorship is the right word. Maddy keeps the Board focused on the agenda item itself and keeps them on task. Maddy has never censored or told a Trustee "you can't say that".

Item#10. Future agenda items.

Garth Elliott requested an update on the Green Sweep Recycling Day event.

Item#11. Adjournment.

Margaret Reinhardt made a motion to adjourn at 8:25 pm. Sandra Ainsworth seconded the motion. The motion carried unanimously.