



Sun Valley G.I.D. Special Budget Workshop Minutes of April 29, 2014

Board Members Present:

Sandra Ainsworth	Chairperson
Margaret Reinhardt	Secretary
Joseph Barstow	Treasurer
Susan Severt	Trustee

Board Members Not Present:

Garth Elliott	Vice-Chair
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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:

Vicky Maltman	Audience
Michael Rider	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; Treasurer Barstow, Chairperson Ainsworth, Secretary Reinhardt, Trustee Severt. A quorum was present.

Item#2. Pledge of Allegiance.

Led by Trustee Severt

Item#3. Motion to approve agenda

Secretary Reinhardt made a motion to approve the agenda. Trustee 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.

None

Item#6. Workshop on the tentative budget for fiscal year 2014/2015 with possible direction to staff.

Darrin Price, General Manager opened the workshop by giving a special thanks to Mr. Short, Carol Bratcher, Mike Ariztia, Jon Combs, Erin Dowling, and staff for all their work and assistance with the proposed tentative budget. Mr. Price proceeded with the District's Water Operating Fund. He stated the water operating revenues are proposed to be the same as last year with the potential of a minimal increase due to the climate change and residents using more water.

Chairperson Ainsworth inquired if the District operates at a loss as projected, does the difference come from the depreciation account. She commented it appears that the depreciation amount is almost 25% of the District's revenue and she stated that seems high.

Mr. Price responded that is correct. He stated the District has always battled with being fiscally responsible for existing and future District customers.

Chairperson Ainsworth stated the District has money set aside in the District's Acquisition Account for the forecasted capital projects. Ms. Ainsworth also stated included in the Water Fund is the interest paid on the water bonds; she inquired where does the interest earned on District investments get applied.

Mr. William Short, District CPA stated that the bond expense is under the District's Non-Operating Expenses and any interest earned from cd's is considered Non-Operating Revenue within the District's Water Fund.

Ms. Carol Bratcher, Accountant stated she uses any interest earned from cd's in the Non-Operating Revenue to help pay towards the District water bonds.

Chairperson Ainsworth inquired if there are funds set aside in the Non-Operating Revenue accounts over and above what the District's payments are for the water bonds or is it mostly going towards interest payments. Ms. Ainsworth also inquired if the District would receive a penalty paying off any of its bonds early.

Ms. Bratcher responded she puts aside money every month to be applied towards the water bond payments. She stated she has excess money already set aside for the sewer bond payments to help pay for the fix and finish expenses on the sewer treatment plant. Ms. Bratcher stated the District would not receive a penalty if the District chooses to pay bonds off early.

Mr. Price proceeded with his presentation on the District Water Fund. He stated the revenue for the water fund is from rates. The biggest impact to the District's revenue is the loss of the hydrant rental fee. He is hopeful the District will receive a final payment for the hydrant rentals, but is unsure of future rental fees. He stated the proposed figures that were provided for the District's health insurance reflected an increase in premiums. After speaking with the District's health insurance representative, the District's rating has been reviewed and the premiums are projected to remain the same as this year's premiums and/or decreased.

Secretary Reinhardt stated the District is no longer required to pay 100% of the District's retirement benefits. She inquired if PERS rates will remain the same or if they are projected to increase. She also inquired what the other agencies that the District compares them to are doing regarding PERS.

Mr. Price responded the comparison regarding the PERS varies. Some agencies pay 100% of the PERS and the others pay a portion of PERS. What Mr. Price has noticed as a trend, agencies will pay PERS increases in lieu of a raise.

Ms. Shipman responded PERS is not anticipating a rate increase this year. Any rate increase must be done during a legislative session. Ms. Shipman also reminded the Board that the District chose at the very beginning when signing up with PERS, that the District would pay 100% of the employees PERS, that is something that cannot be changed.

Mr. Price continued and reported on some of the noticeable increases to the District's water expenses. The District is projecting to have an increase for this fiscal year for water purchased. Truckee Meadows Water Authority passed a 3% rate increase; the increase to the District is approximately \$40k annually. This would normally be an automatic pass through to the District customers, but the Board has chosen not to pass the rate increase on for the past two rate increases. He stated there is a slight increase to credit card fees; this expense is partially recovered by the District's \$1 convenience fee for the use of credit/debit cards. The contract for BDS shows a significant increase in fees, however there is a significant savings in postage as its offset. He stated staff anticipates a minimal increase to the District's hardware/software contracts due to the upcoming Springbrook migration. Another significant increase is for repair and maintenance to the District's water valves and manholes. He stated there are several projects scheduled by both NDOT and RTC and the District is responsible for raising valves and manholes.

Mr. Price reported on some of the noticeable savings to the District's water expenses. He reported there is a savings from the Board's decision not to retain a fulltime lobbyist. The District is no longer required to print the annual water quality report as long as it is posted on the District's website. He reported District is required to start providing the report in both English and

Spanish so there will be a minimal fee to have the report translated. Other minimal savings can be found in Computer services and supplies, SCADA Equipment and parts, Street cut permits, Water Samples, Repair and maintenance to meters, boxes, and batteries, and also a savings with the District's phone and internet service.

Mr. Ariztia stated last year the State mandated additional water samplings to test for unregulated contaminants. The District is only required to perform these samplings for one year. The District has successfully completed the unregulated contaminants water samplings so the District will start seeing a savings for water sampling. He stated the overall expense for water samples has slightly increased over the last two years because of the disinfection byproducts that became required to be sampled annually.

Mr. Price continued and reported the District Water Fund account prior to depreciation the net is \$353,163.00 He commented over the last several years staff has done everything possible to help keep expenses down to a minimum. He stated that staff is not recommending any rate increases for water at this time, however he would like to evaluate some of the District's other fees.

Audience member Vicky Maltman commented she noticed that work is being performed on Lupin Drive and inquired if any of the work being performed is reflected in the repair and maintenance portions that were discussed tonight. She also noticed through the years the District's water samples increased over a period of time then go back down and inquired why.

Mr. Ariztia responded the inquiry that Ms. Maltman is referring to is a Washoe County project, cleaning of the ditches. This particular project does not impact the District. The District only marks out where facilities are located so County employees are aware. Mr. Ariztia also stated the District started testing for the disinfection byproducts in 2012 and then the big expense took place in 2013 for the unregulated contaminants. He also reported the District is required to test for lead and copper every three years, and that is why the sampling expense have varied over the past several years. He stated he believes now that the District is finished with the unregulated contaminants; the District is expected to receive a savings.

Additional discussion ensued regarding the District Water Fund.

Mr. Price reported on the District Sewer Fund is very similar to the Water Fund since most of everything is split 50/50. He stated the sewer operating revenues is proposed to increase; this is directly related to Washoe County reimbursing the District for their share of the interceptor and their portion of the sewer treatment plant. The biggest expense the District has for sewer is for the cost of the repairs to the sewer treatment plant and scheduled future repairs. He

stated the District Sewer Fund looks good and staff is not recommending any rate increases for sewer at this time.

Audience member Vicky Maltman inquired if the District pays for its own water and sewer or is it proportioned out to the District customers.

Ms. Bratcher responded the District is responsible for paying monthly for both water and sewer usage. This is also done to help recoup some of the regional management fees.

Chairperson Ainsworth inquired if the percentages that are shown on the worksheets indicate an increase to various line items.

Ms. Bratcher responded the percentages that are shown on the worksheet are the current percentage the District pays for those various line items. The percentages are regulated by the state.

Mr. Price reported for informational purposes, the District is funding approximately \$20k per year in health insurance for four prior employees that retired with PEBS. He stated the current employees are not eligible for PEBS, when the four employees are done utilizing PEBS, this will become a savings to the District.

Additional discussion ensued regarding the District's Sewer Fund.

Mr. Price reported on the District Acquisitions Fund. The Acquisition Fund is made up from the following revenues; Ad Valorem Taxes, interest earned CTAX, and development fees. 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. He reported the District has funds available in reserves to pay for these projects.

Mr. Short stated the District prepares a five year capital improvement project plan and the cost for these projects are considered as Non-Operating Expenses for the Acquisition Fund.

Chairperson Ainsworth inquired how come the individual CIP lists don't show a history of what has been expended.

Ms. Bratcher responded the front page of the Acquisition Fund budget worksheet provides some historical data as to how much was expended for the various CIP projects.

Mr. Price responded the historical expenses will vary each year based on what projects are completed for that year.

Mr. Ariztia responded and stated both the water and sewer projects that appear on the five year CIP list are projects identified in the master plans that was prepared for the District by Shaw Engineering. Each of the projects received a priority ranking and that is what determines when those projects will get completed. He stated each year the District reviews the CIP list and will suggest what projects the District can do each year. All projects are reviewed and approved by the Board prior to completing them.

Mr. Price stated other improvements that would be paid from the acquisition account are purchases of new equipment, painting tanks, tank inspections, improvements to District facilities, purchase of replacement valves, manholes, meters and etc.

Chairperson Ainsworth inquired why the budget worksheets show a projected loss and doesn't take in account the District's current account balance for this particular account.

Ms. Bratcher responded the District has an account specifically for acquisition. Some of the funds for acquisition are in cd's and are accruing interest, the other portion is deposited into an account that the District can access if they need to. She stated that each project is initially paid from the acquisition and then once it has been completed then that particulate project and/or purchase get appropriated to the water, sewer, or recreation account and added to the fixed asset list so it can be properly depreciated.

Mr. Price stated the District does not receive enough revenue annually to pay each year's suggested CIP list. The District saved money that the District received in prior years through development fees and Ad Valorem Taxes during the booming years. He also stated the District doesn't always complete the entire suggested project list, the District has properly maintained the District's facilities and is able to postpone some of the projects.

Additional discussion ensued regarding the District's Acquisition Fund and CIP list.

Mr. Price reported some of the District Sewer Fund expenses increased due to the treatment plant, but overall the fund is still expected to have a profit.

Treasurer Barstow left the meeting at 7:25 pm

Mr. Price reported on the District 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. He stated the District also uses a portion of the garbage franchise fees pay for the garbage subsidies.

Ms. Bratcher reported the District currently pays the full garbage bill for 90 District customers. She stated this program is available for anyone that qualifies and gave a brief report on the qualifications.

Additional discussion ensued regarding the District's Properties and Garbage Fund.

Mr. Price reported the District's Properties and Garbage Fund is expected to have a profit after all expenses, just like prior years.

Mr. Price reported on the District Recreation Fund. The Recreation Fund is made up of several revenues; the monthly \$3.02 recreation fee, rentals of the parks and Neighborhood Center, rent from tenants at the Neighborhood Center and Teen Center, and pool admission. He stated after expenses the fund is projected to have a loss.

Mr. Price stated he has met with staff regarding the recreation budget. He stated staff has made some additional cuts to the recreation expenses. He also stated the District is taking advantage of this year's various pool closers that have been scheduled. The District's Aquatic Supervisor has been in touch with many aquatic instructors to hold their classes at the District's pool. This will help generate some revenue, but it will also increase the daily operation expense to keep the pool open longer.

Mr. Ariztia stated since the approval of the proposed tentative budget, both he and Jon Combs, have reviewed the recreation budget again and came up with additional cuts. He believes by changing some of the daily procedures will save on expenses and save on contracting out specific duties.

Mr. Price stated staff was challenged by the Board and specifically by Mr. Elliott, to raise revenues for the park and pool. He stated staff was able to increase the revenue as requested last year by promoting and offering more park rentals, swim lessons, and concessions sold at the pool. He stated staff has started looking at possibly hiring an employee to start performing the landscaping maintenance of all the parks next year. This would require the purchase of some equipment, but overall it could provide a savings to the District.

Additional discussion ensued regarding the District Recreation Fund.

Mr. Price stated he will continue to closely monitor the District's Water and Recreation budget regarding the revenue and expenses. He stated staff will

make some recommendations in the future regarding these two accounts. He also stated the other budgets remain status quo.

Audience member Vicky Maltman inquired how many, or what dollar amount is needed to make repairs to the pool over the next couple of years.

Mr. Price responded the District is not expecting any major repairs. The recent major repairs were completed in house. The only major repair that is known to be done is the recirculating of the water in the baby pool. Staff is hoping with the recent pump repairs that were completed earlier this year will correct the circulating concern that the Washoe County Health Department has. He stated the District was given a waiver regarding the operation of the baby pool with occupancy restrictions.

Mr. Ariztia also responded the only other future expenses would be resurfacing of the deck and potential electrical work, but both projects are not necessary at this time. He also stated the year the District took over the pool, majority of all the major repairs were completed by Washoe County through the funding of a Community Development Block Grant.

Audience member Vicky Maltman stated that Gepford Park is used mainly by the baseball league and inquired if it would be feasible for the District to give the park to the baseball league. She stated she understands the baseball league has improved the park and proposes to continue improving the park and stated the improvements can't be used for anything else but during the baseball season.

Mr. Price responded a lot of the improvements at the park are addressed in the user agreement between the District and the baseball league. The only major expense for Gepford Park is water and electricity, of which the baseball league is subject to a portion of those expenses per the agreement.

Chairperson Ainsworth also responded the District is subject to the Washoe County's Deed Agreement stating that any and all parks can only be deeded back to the County and cannot be deeded to any other organization.

Audience member Michael Rider commented any improvements made by the Cal Ripken Baseball League would be paid for by the League. The League is only requesting for approval from the District for any improvements.

Some discussion ensued regarding the proposed paintball park.

There was no direction given to staff by the Board regarding the District's proposed budget for Fiscal Year 2014/2015.

Item#7. Public Comments.

None

Item#8. Board Comments.

Chairperson Ainsworth read Vice Chair Elliott's comment into the record. "As with every budget during my election I have insisted on reduction, in fact Darrin, one year, was able to achieve a 6% reduction. Having been through nearly 1/2 dozen of these it should prove interesting with my absence. I, for one, will not approve a budget that does not attempt to reduce what was spent last year! I urge all board members to stand firm on this. Good luck."

Item#9. Future agenda items.

Trustee Severt requested information regarding the history of the Truckee Meadows Water Reclamation Facility problems and potential future expenses.

Item#10. Adjournment.

Secretary Reinhardt made a motion to adjourn at 8:08 pm. Trustee Severt seconded the motion. The motion carried unanimously.