

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

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February 23, 2022

Meeting Minutes

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Aldean called the meeting to order at 8:30 a.m.

Members present: Mr. Hoenigman, Mrs. Cegavske, Ms. Aldean, Ms. Hill, Mr. Hicks

II. APPROVAL OF AGENDA & MINUTES

III. Recommend Approval of January Financials

Mr. Chris Keillor, TRPA Finance Director, provided the presentation. He showed a chart and explained that it shows TRPA is continuing to run at a very high level of planning fees. The Planning Department is fully engaged, if not overworked, by planning applications right now. We do have some overflow capacity by contracting out some project review to a former employee, Lyn Barnett. But even they are starting to get saturated as well, so we have issued an RFP to see if we can get some additional help. We're already well above the three-year average that I usually track to. In year-to-date January we're about \$100K above last year's year-to-date, and last year was a record year. So planning activities continue to go really strong and are generating lots of revenue for the Agency. Later on in this meeting you'll hear Ken Kasman talking about our Accela planning software and some ways to improve some of that activity. We were thinking we could pay for that upgrade through reserves. However, if we continue to overachieve on planning revenues, we may not need to spend reserves for that upgrade.

Mr. Keillor then explained that this first chart shows grants at a negative due to the way we bill, so there's no question of being able to collect those funds. Regarding the Federal budget and how that impacts TRPA, in the current state we're okay with funding for all the projects we actually have. What's missing is that we would need an actual budget in order to free up the funds we were able to get through the Live Power Restoration Act— all that hard work that Julie [Regan] and others did to get the LPRA funded as opposed to authorized. There's about 20 million dollars there for AIS treatments and things like that. Until we get out of continuing resolutions and into a real budget, we won't be able to tap into those resources.

Mr. Keillor then went on to explain that the next chart shows performance to budget. We received all of our state revenue and are at a 63% revenue total. We're at 41% on expenditures and contracts. On labor we're right where we're expected to be. Grants are good and are billed in arrears. Fees are strong.

Mr. Keillor moved on to another chart showing monthly/cumulative cash flow. He reiterated that planning fees are really driving the positive cash flow this year. We had a really big January, one of the biggest months we've had in years due to those high planning revenues. The net cash flow should decline as we spend down the state funds

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over the balance of the year. Spikes are driven by the timing of the California contribution.

Mr. Keillor presented his final chart, going over the transition from Wells Fargo Institutional Advisors to the Principal Group which was completed yesterday, February 22, 2022. There are no identified issues yet. Out support staff moved over to the Principal Group. Bruce Remington is the investment advisor, and Gaye Borden is the customer relations manager and fund custodian.

Mr. Keillor concluded his presentation and asked for questions.

Committee Comments & Questions

None.

Public Comments & Questions

None.

Ms. Hill made a motion to recommend approval of the January Financials.

Ayes: Ms. Cegavske, Ms. Aldean, Ms. Gustafson, Ms. Hill, Mr. Hoenigman
Motion carried.

IV. Recommend approval of 2021 Audited Financial Statements

Mr. Keillor opened by explaining that the Operations and Governance Committee is also the Audit Committee. He then introduced Shelby Carrillo, a member of the Davis Farr firm, who has been doing TRPA's audits for many years. Ms. Carrillo began her presentation of the results of the audit. She laid out four discussion topics for her presentation: scope of audit; management responsibilities; auditor responsibilities; and results of audit. Ms. Carrillo listed the scope of the engagement and the tasks completed: the completion of the annual financial audit of TRPA; the single audit; the El Dorado County LTF; the El Dorado County STA; the Placer County LTF; the Tahoe Science Advisory Council (TSAC); and the Proposition 1B report. Ms. Carrillo then listed management responsibilities: the preparation and fair presentation of financial statements, including notes; that they are prepared in accordance with generally accepted accounting principles; to design, implement and maintain a system of internal control; and that financial statements are free from material misstatement, whether due to fraud or error. Mr. Carrillo then listed the auditor responsibilities: to express an opinion on financial statements; to conduct the audit in accordance with generally accepted auditing standards and Government Auditing Standards; to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free from material misstatement; and that procedures are performed based on the auditor's judgment. Ms. Carrillo then listed the results of the audit: an initial communication in December of 2021; the two-part timing process, an interim audit in July of 2021, and a final audit from October of 2021 through February of 2022; the drafts reports from January and February of 2022; the final reports from mid-February of 2022; and finally an unmodified opinion issued.

To show the results of the audit, Ms. Carrillo showed a comparison chart comparing the results of 2020 and the results of 2021. The results show growth in all areas in 2021: assets, liabilities, net

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position, revenues, and expenses. Ms. Carrillo said that further details on this could be found in the financial statements. As far as the TDA audits go, all three audits had the same finding: the need to submit the financial statements in a timely manner. There was an additional finding for the Placer County LTF report: a need to submit the CHP certification in a timely manner. For the single audit, the results showed \$3.2 million in federal expenditures. Ms. Carrillo added that the single audit also tested for major programs and found \$1.3 million for Invasive Species. There were no findings on this report. Ms. Carrillo then said that the TSAC and Proposition 1B resulted in no adjustments or findings.

Ms. Carrillo went on to explain that for this current fiscal year, we have the implementation of GASB 84, Fiduciary Activities. For this, we analyzed all prior Agency funds. Agency funds have been eliminated and are now considered custodial funds, which report revenues and expenditures. Also, the mitigation fund was split between the custodial funds and the general fund. Ms. Carrillo explained that regarding estimates in preparing the financial statements, there were a few. First, the useful lives of assets. Next, accruals for goods and services received for which invoices have not been received. Also, employee usage of accumulated vacation and/or compensatory leave. Finally, all were found to be reasonable and to have a sound basis, and were consistent with the prior year's financial statements.

Ms. Carrillo added that the results of the audit showed no disagreements with management; that management provided representations at the end of the audit; and that there were no consultations with other accountants. Ms. Carrillo noted that the Davis Farr firm remains available as a resource throughout the year.

Ms. Carrillo then concluded her presentation and asked for questions.

Committee Comments & Questions

Ms. Aldean asked about the language from the audit results that says "we encountered no significant difficulties in dealing with management". Ms. Aldean asked why the language uses a qualifier.

Ms. Carrillo explained that that is standard language that is used in all audit reports.

Mr. Keillor then congratulated Ms. Carrillo and her team on their hard work in preparing the audit, as well as the TRPA Finance Department staff members who contributed to it.

Ms. Carrillo stated that her firm has a great relationship with the TRPA team.

Public Comments & Questions

None.

Ms. Gustafson made a motion to recommend approval.

Ayes: Mrs. Cegavske, Mr. Hoenigman, Ms. Gustafson, Ms. Hill, Ms. Aldean

Motion carried.

V. Informational Briefing on updating TRPA planning software and exploring funding options

Ken Kasman, TRPA Research and Analysis Division Manager, provided the presentation. Mr. Kasman opened by reiterating that for the last couple of years, TRPA has seen record numbers of applications. There were significant increases in the number of Verification and Banking applications, which are precursors to our project applications. In 2021, there was a 36% increase in project applications. Of those, 81% were submitted electronically, versus 58% in 2020. At the onset of COVID, we transitioned from 8 online applications available, to over 30. So we're seeing significant volumes of applications and revenues coming from our planning side of the organization. So as part of all that, we're looking at our permitting software to see if we really have the right solution to move things forward in this environment. Ms. Kasman went on to point out that TRPA's current Accela software is 15 years old, and there are limitations to it. With that in mind, in late 2021 we issued an RFP to look at other software solutions. We received 16 proposals and interviewed 6 vendors. We selected 3 finalists. The goals of the permitting software upgrade project are to improve customer service; speed up reviews; make it easier on applicants and staff; achieve more complete applications; send out email and text notifications to customers; and improve reporting tools.

Mr. Kasman then said that a clear solution was identified. Truepoint is the vendor, and the software is Accela. It is the same software we currently use, but we'll be looking to move it to the cloud-based version. This is the same system that is currently used by Placer, Washoe, and Douglas Counties, as well as by the cities of Reno, Sparks and Sacramento. We can design and rebuild our system entirely in this hosted environment. We believe this system best meets our needs while reducing the disruption to our planning staff. We will update our workflows, our reporting, and the new system will provide a dashboard to help streamline reviews and stay on top of things.

Ms. Kasman added that because TRPA is running excess revenue right now from planning revenue, we believe we can cover the cost of the proposal through those planning fees. If we do overrun, we would potentially need to use some of the Agency reserves. But the other benefit of this proposal is that it is also the most cost-effective.

Ms. Kasman then ended his presentation and asked for questions.

Committee Comments & Questions

Ms. Aldean asked about cloud-hosting. Will there be a substantial increase in cost for that? Does it increase vulnerability to cyber attacks? Will we be able to lock in the pricing for an extended period of time?

Mr. Kasman explained that the Agency currently pays about \$50,000 per year for our Accela license, and the new hosted version is roughly the same. The vendor quoted us a slight 3% increase per year. There is an add-on that allows for electronic document review that we would like to do and is an additional \$30,000 per year. We would have an increase overall. Mr. Kasman added that in terms of security, the cloud-hosted version is hosted by Microsoft on their Azure platform and is very secure. It is used throughout government entities. Further, the hosted version does not require staff to log into the Virtual Private Network from home first before logging in and is therefore easier to access. Also, because we would be using the same platform we currently use, Accela, we

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can migrate information, and current users' information, logins, passwords, would all be the same. So it provides us security and opportunity with minimal interruption.

Ms. Gustafson thanked Mr. Kasman for looking into streamlining the effort as it relates to the local jurisdictions. Ms. Gustafson said she's heard great reviews from customers and contractors regarding Accela and being able to submit things online, and appreciates the efforts to update it to current standards.

Public Comments & Questions

None.

VI. Upcoming Topics

Mr. Keillor, TRPA Finance Director, opened with a response to Mr. Kasman's presentation, adding that the industry as a whole is going to more cloud-based operations. Our payroll system is in the cloud. Several years ago we moved our accounting system into the cloud. It has many advantages, including better security.

Mr. Keillor then moved on to other upcoming topics and showed a photo of the front lobby area in the TRPA building, which is currently undergoing a major renovation. As we move more toward electronic applications, our concept here for customer service is more oriented toward having appointments and meetings with applicants. We wanted to shrink the front counter and build out more conference rooms where we can sit down and have meetings with applicants on more complicated projects. We will also put a smaller front counter in there, as we don't anticipate as much foot traffic as we had before.

Mr. Keillor also gave an update on the TRPA building roof replacement. This repair will take about half of that budgeted \$500,000.

Mr. Keillor then said that for future meetings, he will discuss the Fiscal Year 2023 budget, including the May Preliminary and the June adoption. Additionally, he will be discussing mitigation fee adjustments and inflation.

Public Comments & Questions

None.

VII. Committee Member Comments

None.

VIII. Public Interest Comments

None.

IX. ADJOURNMENT

Ms. Hill made a motion to adjourn.

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Chair Ms. Aldean adjourned the meeting at 9:11 a.m.

Respectfully Submitted,

Georgina Balkwell
Senior Management Assistant
Current Planning Division

The above meeting was recorded in its entirety. Anyone wishing to listen to the recording of the above mentioned meeting may find it at <https://www.trpa.gov/meeting-materials/>. In addition, written documents submitted at the meeting are available for review. If you require assistance locating this information, please contact the TRPA at (775) 588-4547 or virtualmeetinghelp@trpa.gov.