

TAHOE REGIONAL PLANNING AGENCY  
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

December 13, 2023

**Meeting Minutes**

CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Laine called the meeting to order at 8:33 a.m.

Members present: Ms. Diss, Ms. Gustafson, Ms. Hill, Mr. Hoenigman, Ms. Laine

Members absent: Mr. Aguilar

I. APPROVAL OF AGENDA

A proposal was made to swap the order of the monthly financials and the audit. The change was accepted without objection.

**Agenda approved.**

II. APPROVAL OF MINUTES

November 15, 2023 Operations and Governance Committee Minutes

**Minutes approved.**

III. Election of Chair and Vice Chair

Ms. Cindy Gustafson proposed a motion for the current chair, Ms. Brooke Laine to remain in the position and for Ms. Diss to become the vice chair. Ms. Laine and Ms. Diss accepted the nominations.

**Motion carried.**

IV. [Recommend approval of Fiscal Year 2023 Audited Financial Statements](#)

TRPA Finance Director, Mr. Keillor, introduced the item. He began by giving credit to the Finance Team who do the bulk of the TRPA audit work. Timing wise, the audit coincides with the annual budget. Responsibilities are divided between Mr. Keillor for the budget, and Ms. Kathy Salisbury, the TRPA Controller, on the audit. He also recognized Senior Accountant Kacey Davy and Grant Managers, Caroline Stutzman, Mirijana Gavric, and Georgina Baulkwell, for their assistance.

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Mr. Keillor said that TRPA have always used outside auditors and the current firm, Davis Farr, has been the independent outside financial auditor since 2010. Mr. Keillor introduced Davis Farr managing partner to present the audit results.

Mr. Davis explained he would talk about the scope of the audit, management's responsibilities, the auditor's responsibilities, and high-level information on the audit results.

The scope of the audit has remained the same for several years:

- Financial audit of TRPA as a whole
- Single audit of federal financial expenditures
- TDA audits for El Dorado County and Placer County
- Tahoe Science Advisory Council (TSAC)
- Proposition 1B

Mr. Davis outlined Management's Responsibilities:

- Preparation of financial statements and notes
- Compliance with generally accepted accounting principles (GAAP)
- Designing a system of internal control for financial reporting
- Ensuring financial statements are free from material misstatement (fraud or error)

Mr. Davis then outlined the Auditor's Responsibilities:

- Expressing an opinion on financial statements
- Conduct the audit in accordance with auditing standards
- Plan and perform the audit to obtain reasonable assurance that financial statements are free from material misstatement
- Procedures performed based on auditor's judgment, will vary from agency to agency

Mr. Davis explained that there were two phases of the audit with the interim procedures in June 2023, and the final portion in October. Draft reports were provided in November, for feedback from TRPA, and then final reports were issued the first week of December.

Mr. Davis continued that TRPA had received a clean opinion and highlighted that TRPA's net position was up \$165,000.00 year over year from 2022-2023. He added that revenues increased by \$2.2 million, and expenses increased by \$2.3 million, but they are still in a good position.

Referring to the results of the TDA audits, Mr. Davis said the results were all good with one minor finding related to the timely submission of financial statements from El Dorado County.

For the single audit, which is the examination of federal financial expenditures, the auditors looked at \$6.6 million in federal expenditures. In the past year the two major programs tested were the Fish and Wildlife Coordination Assistance and Highway Planning and Construction. With regard to examination of the Proposition 1B and TSAC programs, there were no adjustments and no findings.

This year saw the implementation of a new accounting principle from the Government Accounting Standards Board, GASB 96, which is related to subscription-based information technology (IT) arrangements. In the past those arrangements were just expensed on the books but now GASB wants to see those capitalized as a right of asset use. Management identified and analyzed 14 IT arrangements and concluded that none met the criteria.

Mr. Davis explained that in preparing financial statements, there are a handful of estimates and judgements that management can use, three of which are significant. These three relate to the useful lives of assets, accruals for goods and services, and employee accumulated vacation and compensatory leave time. The auditors found all estimates to be reasonable.

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Mr. Davis confirmed that there were no disagreements with management during the audit and concluded by saying that the auditors remain available as a resource for TRPA throughout the year.

TRPA Executive Director, Ms. Julie Regan expressed gratitude to the auditors and the TRPA finance team, and noted that this was Mr. Keillor's last audit as the Finance director. She added that there will be an upcoming announcement about a new chief financial officer and thanked Mr. Keillor for his many years of service and leadership. Ms. Gustafson added her thanks and congratulations to Mr. Keillor for his service.

### Committee Comments

None.

### Public Comment

None

### Motion

Ms. Gustafson made a motion to recommend acceptance of the Fiscal Year 2023 Audit

Ayes: Ms. Diss, Ms. Gustafson, Ms. Hill, Mr. Hoenigman, Ms. Laine

**Motion carried.**

## V. [Recommend approval of November Financials](#)

Mr. Chris Keillor, TRPA Finance Director, presented the item. He began by highlighting a longer-term threat with the California's budget cycle, explaining that California revenue projections show a \$68 million shortfall. He said that California's budget challenges include delays in tax data and a shortfall from the previous year. Mr. Keillor said that as a result the Governor's Budget will focus on continued funding for existing programs and exclude Budget Change Proposals (BCPs).

Ms. Laine asked Mr. Keillor if the requested \$100,000 anticipated for salary adjustments would be affected by this news. Mr. Keillor said he thinks it is unlikely those funds will be received, but leadership are still debating how hard to push for the funds.

Getting back to this fiscal year, Mr. Keillor said they were five months into the fiscal year with no major liens on the budget. He acknowledged that while there appeared to be no real change since November 2023, this was explained by the fact that there was only one accounts payable cycle and one the last pay period of November fell on December 1, 2023.

Mr. Keillor said they are continuing to look at planning fees which are starting to lag a little on budget, although still above the historic average. He reminded the Committee that the Governing Board recently approved some increases which should bring them back on target.

Looking to revenue and grants, Mr. Keillor said that grants were looking low due to the lag in disbursing new grant funds. This also affects contracts on the expenses side of the budget – both are expected to balance out through the course of the year.

Referring to the cash flow charts on slide 13, Mr. Keillor said these illustrate the trend where they receive the state's lump sum contribution at the beginning of the year, and then spend it down through the course of the year

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Committee Comments

None.

Public Comment

None.

Motion

Ms. Gustafson made a motion to recommend the Governing Board approve the November Financials

Ayes: Ms. Diss, Ms. Gustafson, Ms. Hill, Mr. Hoenigman, Ms. Laine

VI. Recommend approval of update of the Procurement Policy

Mr. Keillor presented the item. He began by reminding the committee that they had discussed this item in October 2023, and staff have incorporated their feedback into the procurement policy changes being proposed today.

Mr. Keillor said the proposed structural changes are outlined in an 8-page policy document for Committee and Governing Board deliberation. There will also be a more detailed staff implementation manual for day-to-day operations. While most policies and procedures will remain the same, the changes propose to update the approval levels for micro-purchases, small procurement levels, and RFPs.

### Procurement Levels

CA & NV	Current TRPA	Proposed TRPA	2 CFR Part 200	Type of Procurement
\$5,000	\$5,000	\$10,000	\$35,000	Micro Purchase. No quotes required
\$25,000	\$25,000	\$50,000	\$800,000	Small Purchase, multiple quotes required
> \$25,000	> \$25,000	> \$50,000	> \$800,000	Formal procurement (RFP)

- State's have not updated their rules to reflect current OMB guidelines
- We will propose increased levels in each category, but not as high as USG

Mr. Keillor explained that the new or revised authorization for negotiated procurements vs RFPs pertain to the following scenarios:

1. When the Agency has made a joint proposal for funding with partner entities and the distribution of work between the partners was set out in the proposal.
2. When the contemplated procurement is funded by a third party, or parties, and the Agency and funding party, or parties, agree in writing to waive the normal bidding requirements when such a waiver is reasonable and prudent.
3. When the Agency has established an ongoing strategic partnership with another Governmental Entity to handle specific areas of work that the Agency itself does not perform. The Governing Board will review and approve all such arrangements at least once every five years.
4. When supplies or service can only be obtained from one person, firm, or Agency. This

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includes technical services in connection with the assembly, installation, or servicing of equipment or software of a highly technical or specialized nature. This explicitly includes websites and online services.

EIP Department Manager, Dr. Kat McIntyre, described an example scenario for Number 2 in the above list, using the USFS/TRPA Lake Tahoe Restoration Act (LTRA) Agreement. Dr. McIntyre explained that in 2022, the USFS and TRPA entered into an agreement to pass LTRA funding from USFS to TRPA. This agreement provided efficiencies for several reasons:

- USFS budgetary restraints require funding to be expended within the fiscal year (use it or lose it)
- TRPA had capacity in terms of contracting and project management to work with non-federal partners

USFS and TRPA collaboratively determined which non-federal projects should be funded for watersheds/water quality and Forest Health using the LTRA EIP priority project lists. These sub-recipients did not follow standard procurement policies since the projects had already been vetted.

Referring to the proposed change number 3 in the above list):

*“When the Agency has established an ongoing strategic partnership with another Governmental Entity to handle specific areas of work that the Agency itself does not perform. The Governing Board will review and approve all such arrangements at least once every five years.”*

Mr. Keillor said that based on feedback from the October 2023 committee meeting, staff are proposing that:

- Governing Board (Ops Committee) will approve these relationships
- We will review these strategic relationships with the committee every five years.
- These relationships will be managed and reviewed by staff continuously.
- May choose to go to RFP at any time

Dr. Kat. McIntyre offered an example for this scenario with the Tahoe RCD Prevention Program and Contracting. She explained that the Tahoe RCD has been a trusted strategic partner since the program’s inception (2008). Our partnership with them provides efficiencies in staff capacity that do not exist at TRPA. Furthermore, TRPA does not have the capacity to foster a new partner that will maintain the same protection. Tahoe RCD is a government entity whose mission is to protect the Lake Tahoe Basin, formed in 1974 under the California Public Resources Code.

Tahoe RCD have proven technical and institutional expertise and are considered a resource to all AIS programs throughout the West. Along with TRPA, they helped develop protocols and equipment that are the model for prevention. Dr. McIntyre added that other states have tried private enterprise, but found them to be more expensive than public employees and struggled to ensure dedication to the goals and purpose of AIS programs.

TRPA staff review the program budget on an annual basis and direct cost saving practices and opportunities to retain qualified staff. Finally, Dr. McIntyre said an RFP can be utilized in the future if necessary.

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### Committee Comments

Ms. Gustafson said she was comfortable with the recommendations as presented. Ms. Hill and Ms. Diss said they thought it was a great approach. In reference to the policy for informal RFP, Ms. Diss asked if there was any recommendation on how far afield they should search for smaller goods and services that might not be readily available in the region. Mr. Keillor said it is not unusual for them to have to source goods and services from further afield since we operate in a constrained contractor community. He added that, in short, they do often look outside the basin, but it often ends up being impractical and they have to go with who they can get.

Ms. Laine asked how long they anticipated it would take to test this new policy to see if it creates the expected efficiencies, and report back to the Committee. Mr. Keillor said he believed they could report back within a year.

### Committee Comments

None.

### Public Comment

None.

### Motion

Ms. Gustafson made a motion to recommend adoption of the TRPA Procurement Policy

Ayes: Ms. Diss, Ms. Gustafson, Ms. Hill, Mr. Hoenigman, Ms. Laine

## VII. Upcoming Topics

Mr. Keillor reminded the committee that Bruce Remington, Investment Advisor with the Principal Group will provide an annual briefing at the January meeting. He added that they will also look to finalize the Procurement Policy through Governing Board at that meeting.

## VIII. Committee Member Comments

None.

## IX. Public Comments

None.

## X. ADJOURNMENT

Ms. Gustafson made a motion to adjourn.

Ayes: [All]

Chair Laine adjourned the meeting at 9:31 a.m.

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Respectfully Submitted,

*Tracy Campbell*

Tracy Campbell  
Executive Assistant

*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](mailto:virtualmeetinghelp@trpa.gov).*

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