

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

May 24, 2023

Meeting Minutes

CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Aldean called the meeting to order at 8:35 a.m.

Members present: Ms. Aldean, Mr. Di Chiara (for Mr. Aguilar), Ms. Diss, Mr. Hoenigman, Ms. Laine

I. APPROVAL OF AGENDA

Agenda approved.

II. APPROVAL OF MINUTES

Minutes approved.

III. Recommend approval of April Financials

TRPA Financial Director, Mr. Chris Keillor presented the item. Starting with an update on where things stand with the Nevada budget, Mr. Keillor said that the Nevada legislative session is still ongoing, but will close in less than two weeks. He said that the TRPA budgets are closed and just awaiting final approval. TRPA's request has been fully funded, which will bring us up to the full one third : two third ratio between the two states, especially since we will not be getting any additional monies from California. Our historic budget is intact in California, but there's no new adds at this time.

Looking at the financials, Mr. Keillor said we do have positive state and local balances, which is typical, because we get the state funding at the beginning of the year and spend it down during the course of the year. His one concern with monthly financials is that the planning fees have been running at an absolute high for a little over 3 years, but since January of this year they have tailed off. It's not panic mode, but it will factor into our projections for next year's budget. The other thing to keep in mind is there are some major projects floating around, and if some of those come in that may have a positive impact on planning revenues.

Mr. Keillor said the budget is pretty much on track. We are about where we should be on compensation. Contracts always lag behind due to the difficulty in getting invoices from universities etc. Eventually they bill us, even if we end up paying FY 23 bills in August/September.

Referring to mitigation funds, Mr. Keillor said they have brought in \$2.7 million in mitigation funds so far this year, and have dispersed \$3.5 million. The biggest chunk of that went to the Nevada Division of State Lands (NDSL) in excess coverage funds. So far, we have not dispersed any of the money approved for the California Tahoe Conservancy (CTC) Motel 6 acquisition project. That project is still in process, but closure is not expected for another couple of months, so the fund dispersal will likely slip into FY 2024. These numbers do hit our financial statements due to the GASB

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84 accounting change that made them revenue and expenses, but Mr. Keillor does not normally report them in our monthly financials.

Committee Comments/Questions

Ms. Diss offered congratulations to the team on the Nevada budget. She said that's a very big deal and she knows how hard everyone worked with the Governor's office to get that budget fully funded.

Public Comment

None.

Motion

Mr. Hoenigman made a motion to recommend the Governing Board approve the April Financials

Ayes: Ms. Aldean, Mr. Di Chiara (for Mr. Aguilar), Ms. Diss, Mr. Hoenigman, Ms. Laine

Motion carried.

IV. Recommend approval for Release of Placer County Water Quality (WQ) Mitigation Funds (\$500,000.00), for the Kings Beach Water Quality Improvement Project

TRPA EIP Executive Assistant, Tracy Campbell presented the item. Ms. Campbell said that this mitigation request was from El Dorado County. The request is for SEZ funds in the amount of a \$110,000 funds for the Meyers Stream Environment Zone/Erosion Control Project.

This is multi-phase project, spanning 15 plus years, and this final phase of the project is focused on the Lower Secline area, specifically Lower Secline and Upper Brockway Vista Avenue. The project will stabilize the shoulders, formalize parking, pave the roads, and install some water quality improvements to reduce some of that sediment heading to the lake.

The requested \$500,000.00 will join an \$800,000.00 grant from Forest Service. Permits for the project are all in place, planning is complete, and the project is ready to go. Ms. Campbell pointed out that TRPA had received one public comment letter from the North Tahoe Business Association (NTBA), requesting that the item be removed from consent for further discussion.

Greg Keaveney, Placer County Project Engineer was present to answer any questions.

Committee Questions/Comments

Ms. Aldean asked Mr. Keaveney if he could address some of the concerns contained in the communication received from the North Tahoe Business Association (NTBA) regarding the parking that is incorporated as one of the funded improvements in this project. Ms. Aldean said that based on her review of the letter, the NTBA indicates that there was a lack of public outreach, and are concerned that in an age of trying to minimize parking and encourage communities to be more pedestrian friendly, the paving incorporated into this project, and being funded with this money, is inconsistent with that objective.

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Mr. Keaveney said he was happy to say that Placer County have conducted extensive public involvement for this project, dating back to the pre-planning days of Kings Beach. He added that this project spun out of the bigger Kings Beach Water Quality Improvement Project. Mr. Keaveney said the most recent public meeting was held in December 2023, and that numerous design revisions had been incorporated, based on public involvement with both the public who resided on these streets, and groups such as the one that wrote this letter. Mr. Keaveney said they feel they have done due diligence in public outreach, and have spent substantial public funds in achieving this design, which went out to bid for construction last year. Subsequently, Placer County re-met with these agencies and individuals and have come to what they feel is a compromise for everyone involved.

Ms. Aldean asked Mr. Keaveney if, in his opinion, this project meets the spirit of and the letter of the Tahoe Basin Area Plan (TBAP), and other applicable codes. Mr. Keaveney said yes, the Tahoe Basin Area Plan is met through this endeavor.

Public Comment

Ms. Cindy Gustafson said that Placer County Tahoe Operations Manager, Stephanie Holloway, was planning to join the Governing Board meeting and was prepared to address the parking management strategies and other approaches that will deal with some of the concerns expressed in the letter. Ms. Gustafson suggested that the committee may want to table this item and take it to the Governing Board for a more thorough discussion.

Ms. Alyssa Reilly, Executive Director of the North Tahoe Business Association said she wanted to follow up on the letter submitted yesterday from the NTBA Economic Vitality Committee, and ask that this item be removed from the consent calendar for further discussion, due to the fact that this project includes elements beyond just water quality, that require further design consideration and alignment with the Tahoe Basin Area Plan.

Ms. Reilly said they ask that TRPA enact conditions on the water quality funding and the EIP permit, that address the following: to ensure consistency with requirements for parking facilities or parallel parking per the Tahoe Basin Area Plan, shift the alignment of paving along Brockway Vista Avenue as far south as possible. This allows for the boardwalk to front commercial properties to the north and shift activity away from residential, and allows for 13 to 15 feet of appropriate width for the future shared use path success. A northern boardwalk benefits not only from solar exposure, but allows greater year-round multimodal use. And then require a comprehensive operations and maintenance plan with clear responsibilities.

Committee Questions/Comments

In view of Chair Gustafson's comments, Ms. Aldean recommended that the committee deferred action on this item in favor of further discussion and action from the TRPA Governing Board.

Action on this item was deferred to the Governing Board meeting.

V. Quarterly Treasurer's Report

TRPA Financial Director, Mr. Chris Keillor presented the item. Mr. Keillor said he had included a more detailed Treasurer's Report in the Governing Board packet. He said the interesting thing going on is

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that the market is restoring confidence in the banks, as measured by the value of bank stocks going up, while at the same time deposits are declining. He said that people are removing their capital, and he thinks the reason is that with interest rates increasing, it pays to be sharper with money management. In the days when you were only getting 10 or 20 points return on a money market fund, it didn't make a lot of sense to move money back and forth between bank accounts and money market funds. Now that you're seeing interest rates in the 4.5 percent ratio, why leave your money in a low paying bank savings account, when you can get into something that will make a lot more money. Ms. Aldean added that small depositors are also trying to get below that \$250,000.00 insured mark. Mr. Keillor said the biggest banks are the big winners. For example, Chase Bank picked up \$10-20 billion worth of deposits, while people are leaving the more mid-sized, community banks.

Mr. Keillor said their concern in terms of our investments is that they do have a fair amount of money, around \$600,000.00 with Toronto-Dominion Bank, which he never thought as being a part of this, but apparently it's the most shorted bank in North America at this point. The short is still only about 5% of their outstanding capital. Mr. Keillor said it's strange, but he is not worried. As far as the overall treasury report, everything is within treasury policy.

Referring to the ratings chart, Mr. Keillor said he had been using the S&P rating scale, but S&P does not rate government treasuries. The Principle Group, where we have our investments, is slow to put in ratings for all their investments. Mr. Keillor said he has Moody's ratings for almost everything, but only has S&P ratings for about half the pool. So he switched to just using the Moody's ratings. Moody's rate treasuries, and every treasury is AAA. Mr. Keillor added that treasuries are the academic definition of lower risk, but said that the rest of the TRPA investments are also good.

Ms. Aldean said that she, Mr. Marshall, and Mr. Keillor had discussed the securities that TRPA holds for third parties, and whether or not TRPA should institute some sort of hold harmless provision when we accept these securities, because those monies are invested, but we cannot guarantee their safety, especially during turbulent times in the market. She asked Mr. Keillor if they had explored ways to address that concern. Mr. Keillor said that most of that money is either in mitigation funds or securities. He said that TRPA routinely report the mitigation fund balances to the end recipients, and only pay out what is there. So if we 'took a bath' on mitigation funds, that would reduce funding available to the jurisdictions and land banks. For securities, that is a firm commitment. If we receive a \$5,000 security we would have to eat any loss and return \$5,000, he does not see any way out of that. Ms. Aldean questioned if there was a way to hold the agency harmless for things beyond its control with respect to the loss of those securities. Mr. Keillor said he and Mr. Marshall will explore further, but he thinks the answer is no and that we are required to pay 100% of the security. Mr. Keillor added that they still have some very old securities that they're actually paying interest on. He said at some point he would like to bring that to the committee for a suggestion that they at least stop accruing additional interest earnings on those securities, if not eliminate the interest altogether. Mr. Keillor said they stopped paying interest in 2004/5 so it's only the oldest of securities that they're still paying interest on, and these are securities they have the hardest time releasing. Ms. Aldean said that in the past these securities have been forfeited – the related project was never completed, the owner of those securities can't be located, and there is a process to determine whether or not we should 'abandon' those securities. Mr. Keillor agreed and said they are continuing to work on that process.

Committee Comments/Questions

Mr. Hoenigman said his company had a problem with something being over the insured amount, and so they split it between entities to get each one under the limit. He asked Mr. Keillor if there was any way to do that, especially since the Canadians are only insured up to \$100,000.00, so that's a lot of money at risk. Mr. Keillor said that the problem we have is that every other week we do an accounts payable run, and then in between we do a payroll run. The payroll run is between \$500,000 - \$600,000. The accounts payable run can be as low as \$400,000 or as high as \$900,000. He said that administratively, it would be pretty difficult to break that up into different banks, so

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from a process standpoint he does really not want to do that. He added that those accounts are with Wells Fargo, which seems to be one of the stronger banks right now.

Mr. Keillor said Chase Bank would like that business, and Chase are currently the number one bank with around 13% of all bank deposits. Ms. Aldean said the problem is that when depositors transfer their money from their existing bank to Chase, it just weakens the bank that is losing those deposits. She added that in her opinion, they have had a good, long-term, stable relationship with Wells Fargo. Mr. Keillor agreed but said they would look at Chase to make sure they have the best deal.

In response to Mr. Hoenigman, Mr. Keillor said they had looked to at least get those balances below one million dollars. He said they use a LAIF Fund (California Treasures Fund for Local Area Investment Funds) for cash management. When we get the big influx of cash from the states at the beginning of the year, they immediately transfer that into LAIF, which effectively operates as a giant money market fund. It is huge because it's collecting all this money from all the municipalities and departments in the state of California. It's not insured but it is very secure. Ms. Aldean said it sounds to her that Mr. Keillor has things well in hand and the agency are doing what is prudent.

Committee Comments/Questions

None.

Public Comment

None.

This item was informational only.

VI. Briefing on Fiscal Year 2023/2024 Annual Budget

TRPA Financial Director, Mr. Chris Keillor presented the item. He said he was not yet in a position to talk about the overall scope of the budget since they are still building that out and finishing up the work plan.

In terms of key assumptions, Mr. Keillor said that the Nevada budget is pretty much dialed in, and they are just waiting on legislative action when the Governor signs off on the budget. As for the California budget, the May revise is the same as the original February budget, and they have not touched the special funds, which is where California's TRPA funding comes from. Specifically, the TRPA money comes from the Environmental License Plate Fund, and from the Harbors and Watercraft Revolving Fund. He said those funds were healthy, and that efforts are underway to make them even more healthy. So he is reasonably confident that the California contribution is pretty well bedded in.

Mr. Keillor said he is assuming about a 10% increase in medical insurance premiums to kick in when plans are renewed on January 1, 2024. Last year the increase was only 7%. For the other insurance lines (dental and vision), he has assumed a 6% inflation increase, but we won't know exact numbers until those plans are renewed in October 2023.

Shoreline fees are fairly straightforward since we know what the existing buoys are, and people are going pay their \$43. The question mark is on new buoys, so they've made some assumptions that do not suppose a full take-up and available permits this, because last year they did not get permit requests for all the available buoys and did not have to have a lottery. That money just goes to running the actual program – running the software, and paying for enforcement and outreach activities. Mr. Keillor said outreach has been ongoing, and enforcement will start to pick up.

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Ms. Aldean asked if all the buoys that were illegally placed off of publicly owned property have been removed. Mr. Keillor said that last year's initiative was to remove those illegally placed buoys. TRPA Executive Director, Ms. Regan said she could not say that all those buoys have been removed, but huge progress has been made.

Mr. Keillor added that the shoreline mitigation fee is a separate fee, and since they don't have any projects currently scheduled to consume that money, it will go under the bank for mitigation fees. When a new buoy or new pier application is made, that activity is a planning activity and not a shoreline activity. So those revenues go to the planning fund and some estimates were made around that.

In building the budget for the planning department, Mr. Keillor said he looked at it from a couple of different angles. He looks to the five-year average as an indicator, and that has been growing dramatically for the last few years. He then takes the current year to date, and extrapolates out for a rough number. Using that number he applied an annual inflation escalation of 6.2%, and then made some adjustments for things like the shoreline forecast, because we are expecting a lot of new permits and applications for the shoreline. Mr. Keillor said it looks like some of the added revenue from shoreline, is going to offset some of the decline in the base planning fees. So we may still wind up with a planning fee forecast that's little higher next year than this year, but with a different mix traditional planning and new buoy/pier activities.

Mr. Keillor said that he normally likes to show the committee all the major contracts, typically contracts over \$50,000. This year, the cut off is \$250,000. Mr. Keillor said there are 14 proposed contracts at + \$250,000, and only four of those are with private entities. This really illustrates the collaborative nature of what we're doing and how we're doing it, because the other ten contracts are all going partner agencies in the basin. Mr. Keillor emphasized that this impressive amount of funding represents the many years of Ms. Regan's work in pushing LTRA through congress to get it funded as well as authorized.

Ms. Regan said this also emphasizes TRPA's expertise in finance, to be the fiscal agent for so many of the important programs that are funded through Congress. Over the last 20 years, we've developed this track record of being able to deploy capital from either the federal government, state government, or partners, to efficiently get that money into restoration projects. The team led by Chris Keillor and Kathy Salisbury does an amazing job, with extremely complicated deliverables and requirements. Ms. Regan said she thinks it's really a testament to the role that we play in the compact, to have that collaborative framework in the basin. Ms. Aldean said the agency has tremendous credibility, and that's certainly a tribute to the hard work of staff.

Mr. Keillor added that TRPA have prepared for this by adding staff to make sure they can manage these contracts. He is a little concerned about the ability of the receivers to spend the money, so they may want to decrease some of these a little bit. Ms. Aldean asked what the extent TRPA's involvement is in monitoring the progress of these projects, to ensure that they are not lagging behind. Mr. Keillor replied it was standard contract project management. Ms. Aldean asked if contractors were not submitting invoices for reimbursement, would that be a red flag that prompts a conversation about timeliness in getting work completed.

TRPA Deputy Director, Ms. Kim Chevallier said all of these projects are Environmental Improvement Program (EIP) partners, and these are projects that have been vetted through committees, and are already in implementation. She believes that all of these project partners will be able to spend this money. Some of these projects that have been waiting in the wings for a while. The funds from LTBMU and LTRA are really going to help advance EIP work over the next couple of years. Ms. Chevallier added that they are always looking to improve capacity, but as far as managing the contracts, we have staff within the EIP department that are working with each of these project managers to ensure the invoices are coming, and that the work is happening. Ms. Aldean said she appreciated that oversight in ensuring that everything is going to plan.

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Public Comment

None.

VII. Upcoming Topics

Mr. Keillor said they will be bringing the FY 2024 budget to the next meeting in June. It is also time to start the annual audit so there may be some communications to the committee, as members of the audit committee of the agency. The final audit will be conducted in October, and staff are scheduled to present the final audited financial statements for acceptance in December 2024.

Mr. Keillor said about half of the \$500,000.00 bond money for building maintenance has been expended. He anticipates they will probably spend another \$50,000 on the parking lot overlay, but the open item is the retaining wall. When they first started this project, they thought it would be about \$150,000 to restack the boulders, but the contractor reported that some of the boulders need replacement, and it became a \$250,000 project. Douglas County also informed that an Engineering study is required, and that we can only stack boulders up to a height of 8 feet. The portion of the retaining wall we're most concerned about is where it intersects with the building, and that's around 16-20 feet. So now we have a whole different project on our hands. We did an RFP and got one proposal for \$800,000.00, so we are going to have to revisit and come up with a new plan.

Ms. Aldean said we have gabion walls along the highways, and those rocks are stacked higher than 8 feet. She knows it won't be terribly attractive, but they might be able to cover the metal with vegetation of some sort. She suggested that if they were good enough for eroding banks along the highway, they would be good enough to stabilize the retaining wall. Mr. Keillor said the RFP was not for the work, but for an engineer to design and work with a contractor. The cheapest idea they've come up with so far was to drive rebar into the slope, put in wire, and then spray concrete over the top for stabilization. Ms. Aldean asked if they could stabilize with vegetation, but Mr. Keillor replied that the slope is too steep. He added that one of the engineers wants to build a real retaining wall, but that would require a that has a slope which would then eat into the parking spaces on the upper parking lot. The other problem is that the cost would be north of one million dollars. Mr. Keillor said he would keep the committee apprised of any new developments.

Public Comment

None.

VIII. Committee Member Comments

None.

IX. Public Interest Comments

None.

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X. ADJOURNMENT

Ms. Laine made a motion to adjourn.

Ayes: [All]

Chair Ms. Aldean adjourned the meeting at 9:26 a.m.

Respectfully Submitted,



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.