

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

January 25, 2023

Meeting Minutes

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Aldean called the meeting to order at 8:05 a.m.

Members present: Ms. Aldean, Ms. Diss, Ms. Hill, Mr. Hoenigman

II. APPROVAL OF AGENDA & MINUTES

Ayes: Ms. Aldean, Ms. Diss, Ms. Hill, Mr. Hoenigman

Minutes approved.

III. Recommend Approval of December Financials

Mr. Chris Keillor, TRPA Finance Director, provided the presentation. Mr. Keillor displayed a chart illustrating that the State/Local category balance is positive, and explained that is due to receiving the State funds upfront. These will be spent down through the balance of the year.

Mr. Keillor said that Fees are relatively neutral right now, and that they have been running well ahead of budget on the planning side. The grant side shows a substantial negative, but that's mainly because the second quarter has just ended, and grants are billed quarterly. Next month that grant negative will turn around.

In terms of performance to budget, TRPA is pretty much on track. All the state revenues are in, and planning fees continue to run well above the prior three-year average that they normally track against. On the expenses side, compensation is at 46%, which is where he would be expect it to be, and contracts are starting to catch up.

Regarding mitigation fees, Mr. Keillor said that year to date, about 2 million dollars in mitigation fees has been collected, and about \$500,000 has been dispersed. Mr. Keillor said that is going to change significantly. Following last month's Governing Board approval, a cheque to the Nevada Division of State Lands for 2.6 million dollars has been sent, and TRPA are waiting for the California Tahoe Conservancy deal to come together before those funds will also be dispersed. If that happens, TRPA will certainly end this year in the negative on mitigation funds, but this is all money in the bank. Rather than being a problem, it's actually a very positive thing to see these funds being used for their intended purpose.

Mr. Keillor said that monthly cash flow is following the normal trends, and that TRPA are still working through the budget issues with both States. The preliminary read on the Governor's budget from Nevada is positive in that TRPA have got most, if not everything, they have asked for. Nevada revenue projections for the upcoming biennium are pretty positive, and Governor Lombardo is lucky to have some degree of freedom with his budget. TRPA's preliminary budget hearing is scheduled for February 14, 2023, at the Nevada Legislature.

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Mr. Keillor said that on the California side, TRPA are awaiting the May Revise following some technical issues with the Environmental License Plate Fund.

Ms. Julie Reagan, TRPA Executive Director, added that one thing not accounted for in the General Fund budget, would be the Nevada budget related to EIP bonds. She said that TRPA were successful in working through the Nevada Legislative Oversight session last year, to queue up several resolutions and letters of support to move forward with roughly 20 million dollars in bonds to support EIP projects, that would support the 7-7-7 share for transportation. The Nevada share of that is \$2.5 million a year for the Transportation Action Plan, and some other important programs.

Ms. Regan added that they are working with partners to find where those monies have been located, since they weren't in the usual places in the budget. They will keep the Governing Board posted. The Nevada share of the EIP is critical, and it has a process to move through - flowing out of the Governor's budget, into the session, and then through the treasurer's office.

Committee Comments & Questions

Ms. Alexis Hill said she was glad that Mr. Keillor had been able to dig into the budget, and asked for more information. Mr. Keillor responded that he has been told by the budget office that all of TRPA's requests were funded, including the money for TTD (Tahoe Transportation District).

Referring to Mr. Keillor's presentation, Mr. Vince Hoenigman said that the graph showing the mitigation funds combined with the operating budget, was less useful. He wonders if staff could separate those out to show what's really happening. Mr. Keillor replied that was an excellent point and said they will start to pull together some pro forma reporting that meets the request.

Public Comment

Ms. Ellie Waller thanked Mr. Keillor for providing details of the budget, and asked if, in the future, as the budgets are identified could she get a matrix, so the public can see where the budget breakdowns are, and what did get approved.

Motion

Ms. Hill made a motion to recommend the Governing Board approve the December Financials.

Ayes: Ms. Diss, Mr. Hoenigman, Ms. Hill, Ms. Aldean

Motion carried.

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IV. Recommend approval of 2022 Audited Financial Statements

Mr. Keillor introduced Mr. Jeff Ball from Davis Farr to make the presentation. Mr. Keillor said that Davis Farr have been the TRPA auditor for many years, which is a good thing because they now have a built up knowledge of TRPA financial systems.

Mr. Jeff Ball, David Farr Engagement Manager for TRPA, presented the item. Mr. Ball said he would be covering the scope of the audit, management responsibilities, auditor responsibilities, and the results of the audit.

As far as the scope of the audit, there are a number of different reports. The main item is the audit of the annual financial statements for TRPA, but Davis Farr also conduct a single audit concerning federal funds and expenditures of federal funds; and smaller audits for the Eldorado County LTF & STA, the Placer County LTF, the Tahoe Science Advisory Council, and the Prop 1B funds.

As far management's responsibility, they are responsible for the preparation and fair presentation of financial statements, including the notes. They're responsible to prepare those financial statements in accordance with generally accepted accounting principles, and they're also responsible for designing, implementing, and maintaining a system of internal control. The goal is to have financial statements that are free from material misstatement, whether due to fraud or error.

The auditor's responsibility is to express an opinion on the financial statements. Davis Farr conduct their audit in accordance with generally accepted auditing standards, and government auditing standards. In order to express opinion, they have to plan and perform the audit, to obtain a reasonable but not absolute assurance that the financial statements are free of material misstatement. This is done through judgment-based samples and testing as opposed to 100% testing that would give absolute assurance.

Davis Farr began planning procedures with an initial communication to the Board in October 2022, and started our interim testing in June of 2022, where they were performing certain tests, including updating their understanding of the system of internal control. Their final test work with year-end numbers took place in October 2022 through December 2020. The first draft of the financial statements was provided in December 2022, and the final report was issued in January 2022. Mr. Ball said that Davis Farr issued an unmodified opinion on the financial statements, which is the highest level of opinion they can give. This essentially means that the financial statements are free of material misstatement, and they did not identify any significant deficiencies or internal control weaknesses.

In terms of broad numbers from the financial statements, there was a net income of about \$300,000 this this fiscal year. All major categories - assets, liabilities, net positions, revenue & expenses - all increased, which indicates the stability of the organization and the nominal growth year over year.

With regard to the TDA audits (two El Dorado County and one Placer County), there was one relatively minor issue finding in each of those audits, related to the timeliness and the timing associated with receiving audited financial statements from those counties. There is a requirement that TRPA is supposed to receive those by a certain date, and and they were not received by that date. They were filed and received, so it's really a minor timing issue.

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With regard to the single audit, there were \$5.3 million dollars in federal expenditures for the fiscal year. In order to perform their testing, Davis Farr analyze all of that money, assign risk to specific programs, and then audit those that are deemed high risk, in order to gain a certain amount of coverage over the total amount. With that Davis Farr tested the Watershed Restoration and Enhancements Agreement Authority program, and the audit revealed no audit findings. The other two audits for TSAC and Prop 1B also had no findings to report as a result of procedures.

One thing that that did occur as part of this year's audit was a new Governmental Accounting Standards Board (GASB 87) that was implemented by management. The main idea behind GASB 87 is to provide a more comprehensive way to recognize long-term leases. Davis Farr obtained all the leases of the organization and checked them against the standard to determine which leases need to be recorded under this standard. Three receivable leases were recorded, which resulted in a new, lease receivable account, as well as a deferred inflow of resources for the revenue coming in future years. Davis Farr also reviewed all payable leases, but did not end up recording after determining they either did not apply or were immaterial.

Mr. Ball said that certain estimates are used in order to produce the amounts in the financial statements. Some significant estimates that were considered as part of the audit were the useful lives of capital assets, which are then depreciated over long periods of time; the accruals for goods and services received for which invoices have not been received, so unbilled receivables; and employee usage of accumulated vacation or compensatory leave. As a result of our review of the management estimates we found all estimates to be reasonable, and have sound basis.

Davis Farr noted no disagreements with management, and management provided representations at the end of the audit, certifying their responsibility for their part in in taking ownership of the financials and their system of controls.

Mr. Ball said that David Farr remains as a TRPA resource throughout the year, in constant contact with management. June to December is typically when the majority of work gets done, but they are available year round.

Committee Comments & Questions

Referring to the issue of untimely receipt of copies for the LTA and STA accounts from El Dorado County (page 103 of the Governing Board packet) Ms. Aldean said it was indicated that TRPA will change their process to resolve this issue, but it's not their process that needs to be changed. She asked what conversations have been had with El Dorado County to keep this from happening. Mr. Keillor responded that TRPA will be calling them to remind them to report in a timely manner.

Mr. Keillor provided clarification on the leases mentioned by Mr. Ball. He said that TRPA are not a capital-intensive operation, so they don't really lease equipment. So in this case, the leases refer to TRPA as a lessor and leases for the TRPA office building.

Mr. Keillor gave thanks to TRPA Financial Controller, Kathy Salisbury, and finance team staff Caroline Stutzman, Kacey Davey, and Melinda Uppendahl.

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Public Comment

None.

Motion

Mr. Hoenigman made a motion to recommend the Governing Board accept the Fiscal Year 2022 Audit.

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

Motion carried.

V. Recommend approval of the 2023 Watercraft Inspection Fee Schedule

Mr. Tom Boos, TRPA Aquatic Invasive Species (AIS) Prevention Coordinator, presented the item. Mr. Boos said that the AIS program requires an inspection and the purchase of a sticker in order to launch into our regional waters. This is to prevent the introduction of aquatic, invasive species. There are fees for these services, both for inspections, and for decontaminations in the event a vessel does not pass the inspection.

There are three types of stickers; Tahoe Only, Tahoe In & Out, and Single Inspection (which is good for a week of inspections). The process is simple. After inspection, and where necessary decontamination, a unique seal is attached to the vessel. On arrival at the launch ramp, inspectors will verify the seal. The Tahoe In & Out sticker is for boats that come and go often, and require inspection whenever they have launched outside Tahoe.

Mr. Boos said that the program's 23 annual funding sources include general funds (which cover 32% of annual program funding), fees for inspections, decontaminations, appointment fee (which covers 35% of annual program funding), a grant from the California Department of Boating and Waterways (19% of annual program funding), Lake Tahoe Restoration Act funds (11%), and Aquatic Nuisance Species Task Force Funds at 3%.

Mr. Boos said there are no proposed changes to inspection fees for 2023. The fee categories are based on size and complexity of a watercraft. Generally anything over 17 feet is a bit more complex, and requires more time, effort, and knowledge to inspect and decontaminate. The only adjustment being proposed is the introduction of a \$10 lost sticker fee to cover the cost of administration, and hopefully incentivize people to not lose their stickers. It happens around 10 times a year, and is a good bit of administration to reconcile the sale of the sticker.

Committee Comments & Questions

Ms. Aldean asked for clarification on the simple decontamination fee due to an exhibit that showed the fee as \$20. Mr. Boos confirmed that the fee last year was actually \$25 and that it will remain the same.

Ms. Hill asked if it was policy to just do cost recovery for this program, and not fund any other programs through this program. In response, Ms. Regan offered some background to the AIS program. She said that a decade ago, the AIS program was facing a fiscal cliff. At that time, the two

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States came in. Till then, the federal government had funded the prevention program, largely through Southern Nevada Public Land Management Act (SNPLMA) Funds, and those monies sunsetted. And so, through the work of the Governing Board, the two States engaged to cover \$750,000 of the public share, which at that time represented about half of the funding, with the other half coming from boater fees. All those funds were dedicated to prevention. Over time, program costs have increased, but TRPA have been able to use Lake Tahoe Restoration Act (LTRA) funds, so the States share is now closer to one third. Mr. Marshall added that it is not total cost recovery. It is a cost share with public funds. Ms. Hill said she would do some further work with Ms. Regan to fully understand the cost of the program.

Ms. Aldean said that during the years where invasive species were an imminent threat, they did not want to raise fees for private boater, which could discourage them from compliance. Voluntary compliance is extraordinarily important in this program, and so that is why they were striving for equity between public and private funding. Ms. Regan confirmed that the public investment does not cover the cost of the program, nor do the fees collected. So it is a partnership.

Ms. Gustafson said that in the future she would like to understand how many boats of the various sizes, how many stickers at the various levels, and what those trends have been, because we certainly feel that we see an explosion of additional boating at some locations – is that just now or is there a trendline? Mr. Boos said that one thing he has learned is that there are no trends, but he looks forward to answering questions.

For the record, Mr. Boos corrected a clerical error on page 3 of his staff report - the budget figure of \$1.9 million should read \$2.38 million.

Public Comment

Ms. Ellie Waller thanked Ms. Gustafson for her question on trends. She said she has been following the new “VHR short term rental-like” issue of people buying boats and running commercial entities. Ms. Waller said she is glad to see this being researched by the counties to ensure that all the proper permitting is in place.

Ms. Waller said no answers are required today, but asked what types of subjects can be brought to committee as opposed to the entire Governing Board. Ms. Aldean reminded that items can be removed off of consent also, so there is that option.

Motion

Mr. Hoenigman made a motion to recommend the Governing Board adopt the proposed resolution as amended

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

Motion carried.

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- VI. Recommend approval to Authorize Executive Director to submit an application to the California Department of Housing and Community Development's Higher Impact Transformative Allocation of the Regional Early Action Planning 2.0 (REAP 2.0) funding program

Ms. Karen Fink, TRPA Housing Ombudsman, presented this item. Ms. Fink explained that this is a competitive grant that is part of California's Regional Early Action Planning grant program, and the goals of that program are focused on encouraging infill development, reducing VMT, and furthering fair housing. This particular grant program, the Higher Impact Transformative Grant is seeking transformative programs that are scalable across the State and that integrate housing, equity, and climate goals.

Ms. Fink said TRPA staff had received feedback from this committee, and also from the local Government and Housing Committee late last year. As a result, staff worked with local partners, particularly those entities that are also eligible to apply for the grant. Local jurisdictions, the Washoe tribe, community-based organizations, and representatives from the Tahoe Living Working Group, worked together to come up with a proposal they felt was competitive, supported what the region needed, and also really aligned with the grants.

Ms. Fink said they submitted a proposal to use the extensive experience of the Basin with conserving sensitive lands, and incentivizing transfer of development into centers through our transfer of development rights and growth management programs. Through the proposal, they really want to look at how they can update those programs to also meet equity housing choice and affordability, and reduce climate goals.

Ms. Fink said this proposal aligns well with the later phases of the Tahoe Living priority actions, and they feel it will address quite a few of the issues that came up during the discussion of the Latitude 39 project at last month's Governing Board meeting, particularly how they handle new homes of different sizes and types, and the different impacts they have on communities. Ms. Fink said this proposal also builds on the MPO Allocation Grant which they also submitted to the REAP program. That is for the next phase of the Tahoe Living priorities, whereas this one really focuses on comprehensively looking at those later phases of the Tahoe Living priority actions.

Ms. Fink offered thanks to the City of South Lake Tahoe and Eldorado County staff, who helped to write and edit the grant proposal, and also to TRPA board members Ashley Conrad-Saydah and Vince Hoenigman, who advised on the development of the grant.

Ms. Aldean asked Ms. Fink to provide more detail on "innovative opportunities". Ms. Fink responded that one of the elements of the proposal was a more robust, community engagement and community capacity building piece. So along with updating and looking at our two major elements of our code (the transfer of development rights and growth management systems), they also wanted to build up their tools for working with the community on understanding proposals.

So those could be things like a 'citizens academy', providing training opportunities for both the local community members, and potentially the agency and the board, on how increase the capacity for two-way engagement on the proposals that are coming forward. That could include using visualization and mapping tools to show what proposals look like, or how these changes could affect the region from a visual capacity. Other areas have done things like paying for community members to attend trainings. The TRPA transportation team is in the midst of completing a transportation equity study, and there are quite a few capacity building recommendations from that study. Ms. Fink said they also plan to build on that with this proposal.

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Ms. Aldean asked if a successfully securing the grant would require capacity building within TRPA to handle the additional workload, or could it be handled with existing staff? Ms. Fink replied that they included funding for additional staff to manage the grant as part of the grant proposal. Ms. Aldean asked if these would be contract or full-time staff. Ms. Reagan replied that could go either way, but it is a short term grant so that would be taken under advisement.

Ms. Gustafson asked if staff were working with the North Shore, the Mountain Housing Council, or other groups to provide input. Ms. Fink said they had received input and a letter support from the Mountain Housing Council. She added that one of the things that they struggled with a little bit with the proposal was that actual capital projects needed to have significant commitments/agreements in place to complete. Ms. Fink said they felt like individual projects weren't at that stage yet, but they did receive feedback on looking at the system as to how it can help support small developers, not just large developers. That is part of that equity assessment.

Public Comment

Ms. Ellie Waller said she attended meetings yesterday with some TRPA and Placer County staff to get updates on housing and the Tahoe Basin Area Plan update. Ms. Waller she would like to ensure that we are revisiting the definitions on workforce housing levels. She said there is so much confusion in the public and wants to ensure this is part of the process - maybe some of the funding can go toward better understanding of what workforce are we trying to serve here, how we do that, and how do we get a product on the ground.

Ms. Anne Nichols said she would love to see workshops. She said this is \$2.4 million in public money, and \$600,000 has already been awarded through REAP for redoing the Regional Plan with this "flawed, achievable housing, lack of definition". Ms. Nichols added that the other thing that worries her about public money is the \$40 million that the Prosperity Center is trying to get. She is not sure what the oversight is, who will be using it, or what the rules are. Ms. Nichols asked for public meetings about what what's going on with all this money, and who gets what.

Motion

Ms. Gustafson made a motion to recommend the Governing Board approve a Resolution, as shown in Attachment A, Authorizing the Executive Director Submit a Request for Funds and Application to the California Department of Housing and Community Development for the Higher Impact Transformative Allocation

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

Motion carried.

VII. Quarterly Treasurer's Report

Mr. Chris Keillor, TRPA Finance Director, presented the item. Mr. Keillor said that the main thing in the macro sense is that the federal government is signaling that they're still going to be raising interest rates to fight inflation, but probably at a lower rate.

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Referring to the financial charts, Mr. Keillor said the main message is that everything is well within our investment policy, and because of the rising interest rates, we pretty much kept everything safe and short. So almost all the agencies money is either in the LAIF and LGIP investment pools, effectively in money market and government accounts. Mr. Keillor added that only about 6% is in the corporate world, but as the rate starts to stabilize they may look to change that strategy and put some more into corporate to try and get additional yield, as long as it can be done with safe investments.

Mr. Keillor reminded the committee that the majority of the money being investing is money that the agency is basically holding and trust, it is mitigation funds and project securities that are being held for other people.

Public Comment

None.

This item was for information only.

VIII. Upcoming Topics

Mr. Keillor said that budget season for the States will be the primary of focus for the next few months. He said that next year's internal budgets will be addressed as part of the Governing Board priority setting off-site meeting April 2023.

Future items will include an inflation type adjustment for mitigation fees. Mr. Keillor added that it is time to update some of the agency's financial policies, and will be bringing those to this Committee periodically.

Public Comment

None.

This item was for information only.

IX. Committee Member Comments

Ms. Alexis Hill advised that this is her last Operations and Governance Committee meeting, and this has been an incredibly beneficial learning process. She thanked Chair Aldean for her amazing job chairing the committee.

Ms. Cindy Gustafson advised that this also her last Operations and Governance Committee meeting, and thanked Mr. Keillor and his staff for all their hard work.

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X. Public Interest Comments

Ms. Jan Briscoe offered thanks to John Hester, Wendy, Jepson, and other staff members for helping her with some of the information in the packet.

On behalf of Tahoe Lakefront Owners Association, and her individual clients, and in reference to page 488 to 490 of your packet, Ms. Briscoe said there are a huge number of mooring and shore zone applications. Some are at 300 days, and some have been going on a year and 2 years. Ms. Briscoe said they know staff has been challenged and the commitment to put more resources toward this is going to make a difference.

Ms. Briscoe added that when projects are taking a year or more to process that they need better oversight from the Governing Board, and hopefully that is being looked at. Ms. Briscoe said she gets calls every day about a program that was adopted in 2018, and in 2023 we still don't have the majority of these applications processed yet. This is really creating a problem. In California they cannot even begin the California State Lands process until TRPA issues their permit, and that process is also a year or more. Ms. Briscoe said they appreciate staff, but they really have to get this under control.

Ms. Aldean suggested a future agenda item to talk about the challenges associated with processing these applications. Mr. Hester agreed

XI. ADJOURNMENT

Mrs. Gustafson made a motion to adjourn.

Ayes: [All]

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