

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

GoToWebinar

November 17, 2021

Meeting Minutes

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Aldean called the meeting to order at 10:32 a.m.

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

II. APPROVAL OF AGENDA & MINUTES

III. Recommend approval of October Financials

Mr. Keillor provided the presentation. He showed a chart saying that this chart is the break-out for the year to date showing funding from State and Local, Fees, and Grants. State and Local is in fine shape. Fees are more complicated. There are Current Planning fees, but also fees for services for the AIS and Shoreline Program. Those are unevenly spread over the year. Grants are showing a negative, and that's normal. For budget, state revenue is at 100%. Fees for service, revenue, expense, compensation are all where we expect them to be. Contracts run late. No big news here. As for cash flow, Nevada always gives us our allocation in July. California money has moved around a bit. It came in in September. Mr. Keillor ended his presentation and asked for questions.

Committee Comments & Questions

None.

Public Comments & Questions

None.

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

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

Motion carried.

IV. Recommend approval for release of City of South Lake Tahoe Water Quality Mitigation Funds (\$75,000) and Air Quality Mitigation Funds (\$75,000) towards purchase of a new, high-efficiency, Street Sweeper

Tracy Campbell, Management Assistant for the Environmental Improvement Program, gave the presentation on behalf of EIP Manager Kim Caringer. The first request is from the City of South Lake Tahoe for \$75,000 each for air quality and water quality funds towards the purchase of a new high-efficiency Elgin street sweeper. Street sweepers reduce sediment on the road surface and prevent fine particles from entering the lake. The City would use the requested funds along with \$146,000 from their general fund to make the purchase. Jim Marino from the City is on the line for questions.

OPERATIONS AND GOVERNANCE COMMITTEE

November 17, 2021

Jim Marino added that this is to replace an aging sweeper that is no longer feasible to maintain. The average life span of a sweeper is ten years. They take a lot of abuse from decomposed granite.

Committee Comments & Questions

None.

Public Comments & Questions

None.

Ms. Hill made a motion to recommend approval.

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

Motion carried.

- V. Recommend approval for release of El Dorado County Operations and Maintenance Mitigation Funds (\$81,000) towards purchase of a new, CARB compliant, Vacuum/Rodder Truck

Tracy Campbell, Management Assistant for the Environmental Improvement Program, gave the presentation on behalf of EIP Manager Kim Caringer. This is a request from El Dorado County. The current vacuum truck is outdated, not CARB compliant, and mandated for replacement. This is important maintenance equipment for cleaning and maintaining sediment traps, drainage inlets and treatment systems.

Russ Wiegart from the County was on the line and added that this is a very important piece of equipment for the water quality program and the current equipment is outdated.

Committee Comments & Questions

None.

Public Comments & Questions

None.

Ms. Hill made a motion to recommend approval.

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

Motion carried.

- VI-XIII. Approval of State of Good Repair Project Lists and Allocation of FY 2021-2022 Transportation Development Act Funds to TRPA, the Tahoe Transportation District, and Tahoe Truckee Regional Transit (TRPA Consent Calendar Item Numbers 4-11)

Kira Smith, TRPA Senior Transportation Planner, gave the presentation. Ms. Smith said that representatives from the Tahoe Transportation District (TTD) and TART are here on the line to answer questions. We're seeking approval of 8 items beginning on page 99 of the Governing Board packet including 7 funding allocations for TRPA and through our transit operators through

OPERATIONS AND GOVERNANCE COMMITTEE

November 17, 2021

the Transportation Development Act. We do this yearly. Ms. Smith then provided background. The Transportation Development Act, developed in 1971, provides California funding for transit capital and operations. It is a program administered by Regional Transportation Planning Agencies. Allocations are calculated by population, ridership, and service provided. There are 3 fund sources. The Local Transportation Fund is derived from ¼ cent general sales tax. State Transit Assistance fund is derived from statewide sales tax on gasoline. The State of Good Repair funding is from the Road Repair and Accountability Act of 2017 (SB1).

Ms. Smith then gave a breakdown of allocations for last 5 fiscal years. There was a decrease in funding last year due to pandemic. This fiscal year is very healthy. Last year the TDA funds decreased but a few months ago we got some additional funding from the state from the last fiscal year, written into the two state transit resolutions that the Board will take action on today. The funding allocations have recovered for this fiscal year. We have two requested actions. The first, is to approve the State of Good Repair project lists for TART (for a transit bus) and TTD (for vehicle maintenance). Next, is to recommend allocation of FY 2021-2022 Transportation Development Act Funds to TRPA, TTD, and TART; and recommend approval of additional FY2020-2021 State Transit Assistance Funds to the TTD and Tahoe Truckee Area Regional Transit. Ms. Smith provided a chart showing the detailed breakdown of the allocations for the fiscal year. She then asked for questions.

Committee Comments & Questions

Ms. Aldean asked about fair revenue requirements. The ultimate goal is to have free transit in the Basin. How will that impact the availability of funds from these sources? Ms. Smith said the Board adopted a resolution that required a Fair Box recovery of 15% for fixed routes and 10% for demand response and we gave the operators 5 years to hit target and we have one more year before there are any penalties associated with that. The State is currently working to get rid of the penalties associated with that knowing that a lot of transit agencies are moving towards free fair transit. Ms. Smith added that any funding from private taxes could count towards that requirement.

Public Comments & Questions

None.

Ms. Gustafson made a motion to approve.

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

Motion carried.

XIV. Discussion and Possible Recommendation of Inflation Adjustment to TRPA Application Filing Fee Schedule

Alyson Borawski, TRPA Senior Planner in the Current Planning division, gave the presentation. Ms. Borawski explained that the increase would be a 5.3% increase based on the Western Region Consumer Prices Index. Our MOU partners have been notified. We will post the increase on our website and email consultants. These fees will go into effect January 24th 2022. Ms. Borawski added that this is standard practice, to increase the filing fee scheduled based on the Western Region CPI.

Chris Keillor, TRPA Finance Director, commented that the planning fees are in two groups: flat fees and fees on a cost-reimbursement basis. Only the fixed fee items will be impacted by this. It is a fund that does not cover all the cost of providing planning services

OPERATIONS AND GOVERNANCE COMMITTEE

November 17, 2021

and is subsidized by the general fund and will continue to be subsidized by it even after the increase.

Committee Comments & Questions

Ms. Aldean asked whether there has been any pushback.

Mr. Keillor said we have not received any negative feedback from the counties.

Ms. Borawski added that this has been an annual adjustment since 2018 and we have not had any pushback from the public or our partners.

Public Comments & Questions

None.

Ms. Hill made a motion to approve.

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

Motion carried.

XV. Briefing by TRPA's investment advisor Wells Fargo/Principal Group

Bruce Remington and Gaye Borden of Wells Fargo were introduced by Mr. Keillor. Mr. Keillor said we are looking at roughly 12 million dollars. The biggest portion of that is mitigation fees that applicants pay to offset development impacts. We hold that money and distribute it to the counties. The second large bucket is securities put on deposit. We hold those monies and that is what Bruce and Gaye administer and manage for us.

Mr. Remington gave the presentation. He acknowledged the recent recession driven by COVID. There has been a 3½% contraction in GDP but 2021 has been positive with a 5.87% growth rate. Job losses went to 14% official unemployment but 80% are back to work. The hospitality sector is still hurting. Inflation continues to get worse. Supply chain issues have driven up costs. Gold has dropped in price. We think we'll stay at a 6% annual rate through 2022. We've gone from recovery and transitioned into economy expansion for the next 18-24 months. Overall things are headed up. The bipartisan infrastructure program was passed. The good news is money will be released, and it will be stimulative. We had a lot of clients early in the year who wanted to sell. The S&P 500 has been up 10% since then. We don't have equities in the account. The market is at pre-COVID numbers. The S&P 500 is at 26.7% as of this morning, so it's been a strong period since the end of the quarter. The feds have eased back and are reducing the treasury purchases by 10 billion a month. This should be done by June 2023. Rates will be raised in 2023. A 25 basis point increase will get us back to a normal bill rate and keep the economy from going crazy. It's a nasty interest rate environment. As for the bond market in the last year, the feds have flooded the system with money. This is an ugly environment for bonds, but we're in good shape. The maximum that we can go is out five years. Right now with the uncertainty we look at where the risk is and look at it from how much liquidity do we maintain. We'd been running this out just a couple of years. With the fires, we did not want to have to sell bonds with 5 years to go at a loss and make refunds outside the account. We've said to ourselves, don't lose money, and let's do the best we can without

OPERATIONS AND GOVERNANCE COMMITTEE

November 17, 2021

losing money. We've run the bond account very conservatively. The Findley Pension Discount AA-Curve shows we've seen rates go up a bit at the 3-year level, so short bonds are giving negative returns. For cash flows, for the quarter, we broke even. We've been able to cover our fee and make money for you. We've made more money than you've made in fees. We've had some contributions. Allocation is running a little higher for cash. We're in a rising-rate, falling-bond environment. For Asset Allocation, 11% of bonds invested in corporate are A-rated or better. For the quarter, we were up 0.08%. The bonds we own are up 0.12%. Our bonds did better. The performance numbers are competitive. We're overweighted in treasuries. In terms of allocation, we've always run in short-term bonds. We have constant maturity of bonds. We're conservative and have constant cash flow. Our average quality is at double A. We use a vendor called Clearwater. Our software takes a split rating. We take the most conservative of the two ratings. If we get a bankruptcy issue, in most cases, I will sell it rather than hang on to it. No bankruptcy issues will hit the portfolio. For portfolio holdings, nothing has a lot of risk. The corporate bonds are all high quality. We're in good shape. I'm comfortable where we are. We won't get killed by rising rates or defaults if the economy takes a nosedive. I get notification the day of a downgrade. If we have any kind of credit concern I get an email within hours from our fixed income credit team. I listen to them. I always consult with Chris [Keillor].

Committee Comments & Questions

None.

Public Comments & Questions

None.

XVI. UPCOMING TOPICS

Mr. Keillor said the audit presentation will be in January most likely. Some briefings on building repairs will be coming up. The four electric vehicle charging stations will be installed soon.

Committee Comments & Questions

None.

Public Comments & Questions

None.

XVII. COMMITTEE MEMBER COMMENTS

None.

XVIII. PUBLIC INTEREST COMMENTS

None.

OPERATIONS AND GOVERNANCE COMMITTEE

November 17, 2021

XIX. ADJOURNMENT

Ms. Hill made a motion to adjourn.

Chair Ms. Aldean adjourned the meeting at 11:45 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.