

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

July 26, 2023

Meeting Minutes

CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Aldean called the meeting to order at 9:21 a.m.

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

I. APPROVAL OF AGENDA

Agenda approved.

II. APPROVAL OF MINUTES

May 24, 2023 Operations and Governance Committee Minutes

June 28, 2023 Operations and Governance Committee Minutes

Minutes approved.

III. [Fiscal Year 2023/2024 Annual Operating Budget](#)

TRPA Executive Director, Julie Regan, said she would introduce the item, before handing over to TRPA Finance Director, Chris Keillor to dive into the detail. Ms. Regan said the operating budget goes hand in hand with the upcoming work plan discussion, and said she was pleased to introduce this item, and to recognize the hard work of the finance team, operations managers and staff members who came together to present a balanced budget in the midst of organizational change.

Ms. Regan said she wanted to ground the conversation around the work that took place at the Governing Board Retreat and strategic planning session in April, and the Governing Board discussion in May, where the board validated the work priorities and narrowed the strategic initiatives down from six, to three main categories. The Tahoe Living Working Group and community revitalization (housing work) is one big priority. The second is Keeping Tahoe Moving - transportation, managing visitation, sustainable recreation, and transportation infrastructure. The third is Restoration and Resiliency, which is really the EIP program. Ms. Regan said she was proud that they were able to deliver a budget that reflects these priorities, and that they were able to bring forward additional federal and state revenues that staff and partners have been working on for decades.

Ms. Regan said that the TRPA touchstone is implementation of the Bi-State Compact and honoring the Regional Plan. She added that there are a lot of changes in the basin right now, and those will be addressed in the discussion around the work plan and the budget - while at the same time maintaining the core mission. Ms. Regan said that much of the day-to-day work has not changed for decades, and additional responsibilities have been added. She said this budget takes a small step in addressing some of the staffing shortfalls, and couples that with process improvements. So at the

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same time, we are growing revenues to get critical restoration projects on the ground, while also looking at ways that we can be more efficient, and do more with less.

Referring to the organization chart shown on slide 3, Ms. Regan outlined the new, eight-member executive team that includes her as Executive Director and General Counsel John Marshall, who both report directly to the Governing Board. Tiering from there, are Maria Ambler, Chris Keillor, Kim Chevalier, John Hester, Dan Segan, and Angela Ashley, for a core executive team that represents human resources, organizational development, communications & government affairs, finance, and science and policy. The science and policy area is a new addition to the executive team, with a new seat at the executive table for Dan Segan, who was promoted internally.

Ms. Regan turned it over to the Finance Director, Mr. Chris Keillor, to walk through the budget. Mr. Keillor began by saying that the budget is balanced (net zero) with two exceptions. One is that they will be spending down the balance of the bond money that was set aside for long term maintenance. There are two projects remaining, and they hope to get those completed in the new fiscal year. The other exception is that shoreline fund which has a slight deficit, although they do have reserves in the shoreline fund. Mr. Keillor added this is actually good news since they are starting to ramp up on enforcement.

Referring to slide 5, Mr. Keillor said that overall revenue 27.2 million and expenses of 27.5 million (shoreline and the bond money explains the negatives in that top section). All the grant funded activities are balanced. The planning fund shows a fairly substantial negative, which is entirely A&O (Administrative and Overhead). Mr. Keillor explained that they began allocating A&O to the planning fund a few years ago. The planning fund does drive a lot of the executive, legal, HR, and finance costs. They would like to get that balanced, but it would require a significant increase in planning fees. They are not proposing that immediately, but it is part of the ongoing conversation.

Ms. Aldean said that she and Mr. Keillor had a recent conversation about how revenues are shared between planning and shore zone, and asked if Mr. Keillor could clarify that for the committee. Mr. Keillor said planning and shore zone are both set up as separate funds, which get rolled into the general fund for audit purposes. He said the shoreline fund is really just the cost of the annual permits - so it takes in the permitting revenue from people who have buoys and for concessionaires, and those funds are used to offset the cost of running the program. Those costs have primarily been the website that handles the permitting activity and public outreach. Now that everything has been permitted, enforcement activities will also be funded out of the shoreline fund. If an applicant wants a new buoy or shoreline structure pier, that's a planning action, so a permit application must be filed, and that permitting action will continue to be handled in the planning fund.

Mr. Keillor explained that the special funds at the bottom of the chart (slide 5) are mostly grants, but called out AIS (Aquatic Invasive Species). The chart shows the total AIS program funding which includes about \$750,000 that comes from state funds, and about \$900,000 revenue from inspection fees.

Focusing on the revenue side (slide 6), Mr. Keillor said that little has changed since last month, with the exception of the inflation adjustment for planning fees. Inflation has cooled down, so he dropped the inflation adjustment back to 3.5%. These fees would not take effect until late January 2024, so they won't have a great impact. Referring to key revenue assumptions, Ms. Laine said that one thing she is seeing across agencies is the drastic (double or triple) increase in interest, but she does not see that reflected here. Mr. Keillor said they actually did increase the interest because of that, but it's a small number for TRPA, under \$200,000, so he didn't call it out.

Referring to page 139 of the packet, Ms. Aldean said it states there are 'no changes to the California contribution to final budget'. However, TRPA will be asking for additional funding in the fall, to match Nevada's contribution to funding staff salaries at the same rate the state's employees receive. She added that we're dealing with two different states and the rate of compensation may be different. Ms. Aldean asked how they even that out? Mr. Keillor said the short answer is that they

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don't. They have asked each state to provide funding that would be the equivalent of their share of whatever their annual salary increases are. In this particular session, Nevada has been far behind everybody else in terms of compensation, they budgeted a huge increase in salaries for Nevada employees. He said we asked them for the equivalent of one third of our employees at that level. California is at a much lower rate, and we will get a lesser amount from California.

Ms. Aldean said she may have misinterpreted and asked if they were looking at the actual salaries received by California state employees, or at the percentage increase. Mr. Keillor replied yes, he takes total salaries paid to TRPA employees. He splits the portion that is impacted by the general fund into one third : two thirds. He then applies the Nevada rate to the one third and the California rate to the two thirds. He said this is a perennial problem that will continue, and this is the best we can do.

The chart on slide 7 illustrates revenue distribution and shows that grants are now up to 52% (from 46%). Nevada is up to the one third : two thirds on their baseline funding, and they actually added extra funding on top for salaries and a scanning project. Mr. Keillor explained that the local contributions of \$150,000 are comprised of outside rent from the building and some interest income.

Mr. Keillor said that not reflected in these numbers is a request made to Nevada on behalf of the Tahoe Transportation District (TTD) for \$330,000 to help fund their general operations. He is working with auditors on whether we would have to show that as revenue and expense for TRPA, and it seems likely we will, in which case, both revenue and expenses will increase by \$330,000.

Referring to the chart on slide 8, Mr. Keillor said these funds do not tie directly to the budget, because they are awards, rather than work performed during the course of the year. The chart shows the new grant awards received over the last 12 months, which totals just 18 million dollars. Much of that is LTRA (Lake Tahoe Restoration Act) money, but there is also money from the infrastructure bill and other smaller grants. Mr. Keillor also called out a big win with the REAP funds/HIT Grant which totals \$2.4 million.

The chart on slide 9 compares last year's revenue to this year. The general fund is up 1.2 million, with almost one million of that being the Nevada contribution. The rest is the outside rent and interest revenues. The planning fund is up, which reflects the predicted permitting revenue from the bi-annual Shoreline lottery. Unusually AIS has gone down, and the reason for that is that last year was a big year with the Tahoe Keys Control Methods Test, which included about \$1.4 million in grant funded environmental monitoring. Another number that changed significantly is for the EIP. Usually EIP grants are small and don't amount to very much, but with two LTRA grants for forest fuels and watershed activities, the numbers have increased. Those funds will largely be passed on to partner implementing agencies. The transportation line also shows a good increase too, but since the transportation line now incorporates regional area planning in the new organizational chart, this increase is primarily due to the REAP HIT housing grant.

Looking to the expenditure side (slide 10), Mr. Keillor said they are proposing a 5% staff salary increase. This won't be just a 5% for everybody, but will be based on performance appraisals, and where employees sit in their salary range. Ms. Aldean asked if there were any COLAs for those that do not receive a merit increase. Mr. Keillor responded no, but the only people not eligible would be those employees who are either on a performance improvement plan, or who joined the agency within the last 6 months. HR Director, Angela Atchley, is also working on a project to update the salary ranges.

Executive Director, Julie Regan added that in her first six months as Executive Director, they reviewed employee salaries and made sure to get everyone up to the 25th percentile. This affected 7-8 staff members who were below the 25th percentile.

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Mr. Keillor continued that there are three-four new positions included in the budget. TRPA will be hiring a new attorney, a full-time receptionist, and two new positions in the regional planning area. These two positions will help with the HIT grant, or provide back fill for current employees who might move over to the HIT grant. One of these positions is a fairly junior level position, and may end up being a contract position. That would give a head count of 73 permanent staff, plus the seasonals (four boat crew members and summer interns). Contracts are increasing significantly due to the additional LTRA and infrastructure funding, most of which will be dispersed to partner agencies.

The chart on slide 11 illustrates how the money is spent. Mr. Keillor said that traditionally they have been almost 50:50 (compensation/contracts) over the years. But with the additional LTRA funding and our role as a facilitator for bringing money into the basin and working with implementing partner entities, 61% of the budget is now in contracting. An interesting change.

Ms. Aldean said they had talked previously about the retaining wall, and the difficulty in getting the repairs to meet the budget constraints. She asked if any progress had been made. Mr. Keillor said they have found a potential second bidder which may help with costs. They have not made progress in contracting with an engineer for the design work, which is necessary to file for necessary Douglas County permits. He is increasingly concerned that the project will not be completed before the end of grading season, and that we will have to wait for Spring 2024. Ms. Aldean asked if he was confident they could stay within the \$250,000 limit. Mr. Keillor said that whatever they do will stay within the agreed budget.

The chart on slide 13 illustrates where all the contracting money is going, and shows that AIS continues to dominate the contracting spend. TRPA has a long-standing partnership with the Tahoe Resource Conservation District (TRCD), who receive funding for both control and prevention projects and programs. The budget also includes substantial funds for 'on-call' contracts. He explained that we have a lot of work in the water, and with Tahoe being at high elevation, special diver training and certification is required. We have one contractor (MTS) who has been doing the bulk of that work, and who tends to win most of the bids, but they want to have a stable of contractors who can step in and do that work. Those on-call contracts are for several dive companies to be available as needed. On the Research and Analysis side, the two contract pieces are for environmental monitoring, and for process improvements and support of the various systems used at TRPA (GIS, Accela, LTInfo, etc.).

Looking to the labor side, Mr. Keillor referenced the charts on slide 14. The first chart illustrates headcount by department, and shows that the Permitting & Compliance department is the largest department with 21 members. The second chart illustrates the funding source, and shows that the general fund and the planning fund cover 79% of the labor cost. The chart on slide 15 illustrates a breakdown of the compensation cost, and shows that 80% goes into staff wallets. Retirement and health insurance is about 10% of total cost to compensation. We are still well behind in retirement, because we don't have PERS and we are not in Social Security. Right now the agency is contributing about 13.5% to people's retirement, but we are looking to bump that up. Retirement and overall staff salaries are the two areas where we are consistently behind, based on compensation studies.

The final budget chart (slide 16) details the requests for which staff are asking for the committee's recommendation. They include, adoption of the budget, expenditure authorization, grant agreement authorization, staffing levels, the 5% salary increase, the 3.5% inflation increase, and authorization to make any technical corrections to the final budget.

Public Comment

None.

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Motion

Mr. Hoenigman made a motion to recommend the Governing Board approve the fiscal year 2023/2024 budget

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

Motion carried.

IV. Quarterly Treasurer's Report

TRPA Finance Director, Mr. Chris Keillor, presented the item. Referring to the chart on slide 19, Mr. Keillor said the yield curve is flat but declining, so not surprisingly, we're staying short and staying in treasuries, which are actually starting to be reasonably good rates. Mr. Keillor added that he heard there will be a big dump of treasuries in the next week or two so we will see what that does to the rates. Mr. Keillor said that he took out the treasuries for the ratings chart shown on the right side of slide 19. Mr. Keillor said that our corporate securities do not play a huge part, at only about 5-6%.

Referring to the cash flow chart on slide 20, Mr. Keillor pointed out an uptick in planning revenue in June, so on a cash flow basis, we're showing a positive cash flow for the year as a whole. He cautioned that they should not take that to the bank, because with all the lagging contract expenses coming in, a positive cash flow does not necessarily mean we will have a surplus on revenues versus expenses. It will probably be another month or two before that can be addressed.

Committee Member Comments/Questions

Ms. Aldean asked about project securities, and the fact that we really can't guarantee the safety of those securities when invested. She asked if TRPA included a disclaimer of some sort. Mr. Keillor replied that we do not provide any sort of disclaimer, and he does not think there is an enormous risk there since most of the money is in treasuries, and fairly secure. Ms. Aldean asked if there would be any downside to including a footnote that explains that applicant may not get interest on their securities, but they also may not get all of their corpus. Mr. Marshall replied that he thinks it is a theoretical risk, but is not certain that the risk would fall on the applicant. If it turned out that our investments lost money, that may be something that the agency would have to deal with. Mr. Keillor added that for project securities, TRPA can, by law, use those monies for cash flow management purposes, as long as there is a plan to pay them back. Mr. Keillor continued that there are only a small few project securities that we still pay interest on, most are not interest-bearing securities. Mr. Marshall suggested that they look at some local government practice to see if there is some standard language that they might want to adopt.

Public Comment

None.

V. Committee Member Comments

None.

VI. Public Comment

None.

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VII. ADJOURNMENT

Ms. Laine made a motion to adjourn.

Ayes: [All]

Chair Ms. Aldean adjourned the meeting at 10:04 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.