

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

April 24, 2024

Meeting Minutes

CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Mr. Ferry (for Ms. Laine) called the meeting to order at 8:39 a.m.

Members present: Ms. Bowman (for Mr. Aguilar), Mr. Bass, Ms. Hill, Ms. Laine

I. APPROVAL OF AGENDA

Agenda approved.

II. APPROVAL OF MINUTES

March 27, 2024 Operations and Governance Committee Minutes

Minutes approved.

III. [Agenda Item No. 3 Recommend Approval of March Financial Statements](#)

Ms. Kathy Salisbury, TRPA Finance Director, introduced the item. Beginning with a budget update, Ms. Salisbury said there are still significant budget concerns in California. In April, the legislature voted to cut the budget deficit by 17 billion dollars, which included drawing from the rainy-day fund, and 1 billion dollars in cuts to the transit and inner-city rail capital program. Budget discussions are ongoing, and we will hear more in the May revise and the final budget deal in June. The annual report and audited financial statements for TRPA were submitted to the Assembly and Senate in April and did not require any discussion; they were approved.

In Nevada, a similar report was presented to the Interim Finance Committee in April. TRPA staff attended the meeting, and the reports were approved and dismissed without further discussion. Nevada operates on a 2-year budget cycle. Therefore, the next budget we prepare for them will cover the period from July 2025 through June 2027.

TRPA staff will attend the May 14th Board of Examiners meeting to discuss the staff salary increase request, submitted to Nevada in March. Approval of these funds at this stage is largely a formality.

Moving to highlights, we are three-quarters of the way through the fiscal year, reaching the 75% benchmark. There are no major financial surprises to report. The revenues are showing at 59% of the budget.

The planning fee revenues are measuring at 68% of the budget, which is slightly higher compared to this time last year. That can be explained by the fee increase that kicked in at the end of January. We're slightly lagging from the 3-year average, but that comparison includes the above-average year

OPERATIONS AND GOVERNANCE COMMITTEE

April 24, 2024

of 2022. So, with that unusually high revenue year, we are expected to see a slight lag in the 3-year average. The shoreline fees and AIS fee revenue are seasonal and are tracking normally at 63% year-to-date. As we get closer to the boating season, the gap should close.

Most of the revenue lag is due to the grant funds. We have three grants in particular that have had some delays. We have a Forest Service grant that is for forest health and stormwater, where we had a delay, but the paperwork is now in place, and we'll work hard to get caught up over this multi-year lifecycle grant.

The housing grants in California, known as REAP (Regional Early Action Planning) and HIT (High Intensity Transformative), have been halted because of the budget deficit in California. The housing program cuts, including the TRPA REAP and HIT grants, were not part of the budget cuts discussed in California in early April, but we don't know what will happen in the final budget cuts coming up in June. MPOs have already taken steps to access these funds and staff will continue to monitor the situation.

The expenses are running at 51% of the budget. Compensation is on track at 69% of the budget. This is normal to lag slightly at this time of year. We do have a year-end payroll accrual that bumps that up at the very end of the year, and we have just filled all the open staff positions, including the seasonal positions like boat crew.

The contract expenses are lagging more than normal at 38% of the budget. This is due to the delayed Forest Service REAP and HIT grants discussed earlier, and they affect the expense side as well as the revenue side.

The second debt interest payment of the year is due in June and will also increase expenses. But that doesn't happen until the very end of the fiscal year.

Referring to slide 7, Ms. Salisbury said this chart shows the breakdown of revenue by category. The anomalies on this chart are the lagging grant revenue at 25% for the reasons already discussed. The state revenue and local revenue are mostly collected upfront, so that is normal even though it's showing ahead of the benchmark. The other revenue category shown at the bottom at 518% is primarily investment revenue. Historically, it hasn't been this high, so the budget of a hundred thousand dollars was just an estimate, but it's nice to see year-to-date returns being above average.

So, we're going to take that one. Chad will give you a more thorough view of the investment yields as he covers agenda item number 6, the treasurer's report. Next slide, please.

Slide 8 shows the expenses broken down by category. They're all on track apart from the contract expenses shown at 38% of the budget, and that's the same Forest Service REAP and HIT grants delay.

Cash flow is shown on slide 9, and the graph on the left shows historical years laid over each other. The graph on the right shows a solid line for cash flow including mitigation funds and a dotted line for cash flow without mitigation funds.

TPA has just disbursed 5.1 million dollars through March, and the majority of that is the 3.7 million disbursement to CTC recently for the purchase of the Motel 6 acquisition. It's normal to see these large numbers because the mitigation funds are meant to be accumulated over years and then spent in larger portions to make a big impact.

Committee Comments

Ms. Laine said it's really great news about the investment money being so strong, because if we don't get that \$60,000 for the HIT grant, it's good to know that we've got that cushion. She added

OPERATIONS AND GOVERNANCE COMMITTEE

April 24, 2024

that, reading back on the minutes from last month, Mr. Keillor, who was still with us at that point, was very concerned about the planning fees. Ms. Laine asked if that had changed.

Ms. Salisbury said it's running as expected. She thinks we're all concerned about the things we can't control. So, with the fee increase at the end of January and the building season coming up, the numbers are looking pretty normal. The primary concern is that when we look a few years back, just like with investment revenue, the farther you look back, the better indication you're going to have. With that spike in 2022, I think it was just unusually high. It will definitely be more telling as we come into May when we'll see April financials where the building season will pick up, so we'll know more in the next two months.

Public Comment

None.

Motion

Mr. Bass made a motion to recommend the Governing Board approve the March 2024 Financials

Ayes: Ms. Bowman, Mr. Bass, Ms. Hill, Ms. Laine.

Motion passed.

VI. [Agenda Item No. 4 Release of City of South Lake Tahoe Mitigation Funds towards the Bijou Park Class 1 Bicycle Trail – Greenway Connector](#)

Ms. Tracy Campbell, TRPA Environmental Improvement Program, presented this request from the City of South Lake Tahoe for \$216,481,000 in mobility mitigation funds and \$183,581.00 in air quality mitigation funds for the Greenway Connector Trail. These funds will go towards the construction of just over half a mile of bike and pedestrian trail linking the AI Tahoe Mobility Project with Phase 1B of the California Tahoe Conservancy's Greenway Trail.

This is an EIP priority project to advance transportation thresholds, which will further the goal of providing alternative modes of transport, and importantly, reducing carbon emissions and VMT. Ms. Campbell noted that this is the first request for mobility mitigation funds, following an update to the air quality funds to focus those monies on VMT reducing projects.

Committee Comments

Ms. Laine said this project is a perfect fit for the reduction of VMT. Mr. Bass said the City are extremely excited about this project, which will link a lot of trails to the Greenway.

Public Comment

None.

Motion

Mr. Bass made a motion to recommend the Governing Board approve the release subject to the conditions in the staff report.

Ayes: Mr. Bass, Ms. Bowman, Ms. Hill, Ms. Laine

Motion passed.

April 24, 2024

V. [Agenda Item No. 5 Release of City of South Lake Tahoe Mitigation Funds to cover the cost of CARB compliance upgrade for Two XBroom Street Sweepers](#)

Ms. Tracy Campbell, TRPA Environmental Improvement Program, presented this request which is an add-on to a request approved last month for the purchase of two new street sweepers to replace failing units. Since then, City staff ascertained that the original quote was for non-CARB-compliant units, which is required by California regulations, so these funds will cover that additional upgrade.

Street sweepers reduce sediment and help prevent fine particulates from making their way to the lake. Street sweeping is a critical tool in meeting TMDL pollutant load reductions. As with the previous request last month, the City will be providing matching funds using their Measure S general funds.

Committee Comments

None.

Public Comment

None.

Motion

Mr. Bass made a motion to recommend the Governing Board approve the release subject to the conditions in the staff report.

Ayes: Mr. Bass, Ms. Bowman, Ms. Hill, Ms. Laine

Motion passed.

VI. [Quarterly Treasurer's Report](#)

Mr. Cox, TRPA Chief Financial and Administrative Officer, presented the item. Mr. Cox said we are in that part of the year where we use the state funds to fund operating activity. We had to move two million dollars from our LAIF account to cover this net cash usage from our operating activities in the month of March. We'll continue to use cash for the rest of the fiscal year, as we spend down the remainder of both states' funds.

Mr. Cox said they continue to manage the investment pool very conservatively, and there are no major changes to security ratings so far through the quarter. Referring to slide 26, Mr. Cox said there are two charts on this page; one shows the asset allocation, and shows that we are heavily invested in the two states' investment pools and treasuries, with only 8% in commercial securities.

The second pie chart in the middle shows the maturities. 75% of our maturities will mature within less than a year, so we are quite liquid. In the month of March, we did have one treasury note mature, which was yielding 2.2%. Mr. Cox said that as these securities are starting to mature, we're adding them in at a higher interest rate. So, we will start to see an increase in yields, which will be great. Mr. Cox added that there are three more treasuries maturing in April, May, and June. Slide 27 shows a comparative view of how we are doing versus T-bills, money markets, and the

OPERATIONS AND GOVERNANCE COMMITTEE

April 24, 2024

overall market. We have seen the treasuries less than one year flatten out over the last quarter, and then yields for greater than one year are up roughly 30 to 40 basis points since December.

Mr. Cox said the bottom line is that we continue to follow our policy. We should see a continued increase in interest being paid through the Principal Group, LAIF, and LGIP over the coming months as those catch up to the market and as the lower-yielding securities mature and we put in new securities at higher interest rates."

Committee Member Comments

Regarding the \$2 million transfer from the LAIF account, Ms. Laine asked if the intention is to have that paid back by the end of the year, or is that money that we're just going to fold in and not replace. Mr. Cox said that as he understand it, as those state funds come in at the beginning of the fiscal year, we put them into LAIF, and then we'll spend down those funds as we work through the year. As it sits today, we have \$29.4 million in total cash. If you were to look at this at the beginning of the year, it would have been higher, so we spend it down over time. So, theoretically, yes, we'll put it back when we get the state funding in July at the beginning of fiscal year 2025, and then we'll spend throughout the year.

Ms. Laine said that from what she has observed of TRPA over time, this system seems to work well. It is very well managed, and we're enjoying higher interest rates right now when we need them.

Ms. Julie Regan, TRPA Executive Director, congratulated Mr. Cox on his first presentation as the official Chief Financial and Administrative Officer of TRPA.

Ms. Regan also made a notation for the benefit of the public to clarify the overall numbers and the net position of the agency. She said that TRPA hold in trust securities and mitigation funds, and sometimes there's a misunderstanding that those funds are available for TRPA's operations, and they're not. When a project happens, we collect a security, and those are held in trust until that project is complete and deemed successful. They are then returned to the project applicant or the property owner, whoever is appropriate.

The same goes for mitigation funds; the release that the Operations Committee members are recommending to the board for disbursement to the City or local jurisdictions comes from project applicants and property owners, and they go back into their jurisdictions to support environmental projects. TRPA is not using those funds for their general operating needs, and she wanted to clarify that because we've had some questions about that in previous meetings.

VII. Upcoming Topics

Mr. Cox advised that the May meeting will include a financial update as usual, and an informational item on the 2025 Fiscal Year Budget to set the stage for the retreat. In June, we plan to approve the budget, and in July there will be a Treasurer's Report.

VIII. Committee Member Comments

None.

OPERATIONS AND GOVERNANCE COMMITTEE

April 24, 2024

IX. Public Comments

None.

X. Adjournment

Ms. Hill made a motion to adjourn.

Ayes: [All]

Chair Laine adjourned the meeting at 9:10 a.m.

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.