

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

May 22, 2024

Meeting Minutes

CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Laine called the meeting to order at 8:34 a.m.

Members present: Ms. Hill, Ms. Diss, Ms. Gustafson, Ms. Laine, Mr. Aguilar (arr. 8:37 a.m.), Mr. Bass (arr. 8:37 a.m.)

I. APPROVAL OF AGENDA

Agenda approved.

II. APPROVAL OF MINUTES

April 24, 2024 Operations and Governance Committee Minutes

Minutes approved.

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

Mr. Chad Cox, TRPA Chief Financial Officer introduced the item, beginning with an update on the budgets for both states:

California will likely continue in a deficit for the coming years. The May revise still shows a deficit, and revenues estimated versus the expenditures planned indicate a \$9.4 billion deficit. The state continues to run at a deficit, and the final budget is expected this summer. For Nevada, the TRPA staff salary increase agenda item has been moved from May to June 11, 2024.

Moving to April revenue and expenses (slide 3), Mr. Cox said that at 83% through the year, revenues are at showing 65% of the budget. Planning fees continue to ramp up and are at 75% of the budget through April. Shoreline and AIS fees are at 67% and 68%, respectively. With boating season upon us, and Memorial Day weekend coming up, we expect those to continue to ramp and remain on track for the year.

Other income continues to be strong, and referring to slide 4 Mr. Cox said grants did ramp up from 25% of the budget last month to 34% - so we recognized roughly \$1.2 million of grant revenue in a month. Expenses are running at 56% of the budget. Compensation is at 78%. Contract expenses also ramped up to 41% of the budget, which is what you'd expect as the grant work goes up, since we do a lot of grant work with contracts.

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Mr. Cox said the final debt interest payment is due on June 1, 2024, so we just put through the payable approval yesterday to make sure that we're on track for the debt payment, which happens twice a year.

Slide 4 shows a little more detail on revenues. Mr. Cox clarified that for the 'other revenue' line item, it says there's a negative remaining, which means we're going beyond our budgeted revenue amount due to the investment income we have on interest. He added that he thinks we'll continue to see those revenues be higher in the future as well.

Moving to slide 5 and expenses broken down by category, Mr. Cox pointed out that the contract expense still has a way to go and that is in line with our grant revenue. On slide 5, showing cumulative cash flow, the left-hand chart shows cumulative cash flow and compares it versus history. The bright green line is the one to focus on, showing this year including mitigations. The right side takes that same green line and shows the mitigation collection over time and how it is disbursed in chunks. Year to date, the mitigation fees received are roughly \$2 million and we've disbursed roughly \$5 million.

Committee Comments

Referring to page 68 of the Governing Board packet, Ms. Laine noted that the debt service payment in December included both principal and interest. Mr. Cox clarified that there are two payments, the principal payment is made annually, and the interest payment is made twice, once in December and once in June. That's why the item is not linear like a mortgage.

Ms. Laine asked, with grants at 34% and only a couple of months left in the year, how aggressively are we pursuing those? If they come in after this fiscal year, do we count them or update them? How does that work? Mr. Cox said we're planning for those grants going forward. The big item that's been slow to ramp up is the USFS grant, which is roughly 3.4 million dollars. We did actually see it begin to ramp up last month, but there's still a long way to go. Those funds have opened up, and we're going to work as hard as we can over the next two months. However, some of those funds might continue into the next fiscal year.

Ms. Julie Reagan, TRPA Executive Director, agreed with Mr. Cox and added that because Congress passes the budget later each year, it creates a real-time crunch. The money Mr. Cox is referring to is the agreement with the U.S. Forest Service for Lake Tahoe Restoration Act funds. The money has come in, and now we are the fiscal agent deploying that money to EIP partners based on the Lake Tahoe Restoration Act priority list of projects that we submit to Congress. The team is working hard to ensure those dollars get to the projects relying on them, though some of that might spill into the next fiscal year.

Public Comment

None.

Motion

Ms. Gustafson made a motion to recommend the Governing Board approve the April Financials.

Ayes: Mr. Aguilar, Mr. Bass, Ms. Diss, Ms. Gustafson, Ms. Hill, Ms. Laine.

Motion passed.

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VI. [Agenda Item No. 4 El Dorado County Mitigation Request](#)

Ms. Tracy Campbell, TRPA Environmental Improvement Program, presented this request from El Dorado County for \$2,509 in Air Quality Interest funds for the South Tahoe Greenway Shared Use Trail (slide 9).

The trail, also known as the Dennis T. Machiada Memorial Greenway, serves as the backbone of South Shore's shared-use trail network and has been built in phases. Phases 1A, 1B, and 2 are already complete, and planning for Phase 1C is well underway.

The requested funds will be used to pay for the State Water Resources Control Board Water Quality certification annual permit. This is a more unusual use of mitigation funds. The principal mitigation funds cannot be used for permitting or planning expenditures, as they are clearly directed towards shovel-ready mitigation projects. However, the interest accounts, which accrue interest from those mitigation fund balances, have more flexibility and can help fill funding gaps for our local jurisdictions.

Committee Comments

None.

Public Comment

None.

Motion

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

Ayes: Mr. Aguilar, Mr. Bass, Ms. Diss, Ms. Gustafson, Ms. Hill, Ms. Laine.

Motion passed.

V. [Briefing on Fiscal Year 2024/2025 Annual Budget](#)

Before diving into the figures Mr. Cox share some details about the process to create this year's budget. He said that as Mr. Keillor and he transitioned roles over the last couple of months, they built out a general framework for the 2025 fiscal year budget. The grants and finance team spent a considerable amount of time planning agency labor. We have a full staff now, and laid out exactly how that staff would be allocated and where their time would be spent, both in terms of grants and general operations.

From there, we took that labor model and incorporated it into the overall budget model. We built up the contract spend, by grant, by function, and by department. It's essentially a bottoms-up view by contract. Next, we took all this into an operations manager workshop. We reviewed it as a cross-functional and cross-departmental team and worked together to balance the budget. Typically, the initial budget asks come in higher than what we can afford, so we spent time as a group working through efficiencies to balance the budget. The left-hand side of the chart (slide 15) represents that process and the overall model for 2025.

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In total, there is a projected \$2.5 million increase in revenue for 2025. This increase is driven by three main areas:

1. Planning and Shoreline Fees: Fees continue to increase to cover our costs. Over time, we assess inflation and the process by which we do permitting, aiming to make this a self-sufficient part of our agency. Currently, as seen in the chart, it incurs costs that are covered by the general fund.
2. State Contributions: There's a slight increase in the budget from the state of Nevada and California, partly due to proposed salary increases.
3. Investment Income: As described in the April financials, we expect a continued tailwind from investment income at least through 2025. Most of our securities have a 20-month average maturity, so we can predict their yields reliably.

The bottom line is that we are balanced at this moment, including the building fund. As part of the bond fundraising, we earmarked money to replace the retaining wall on the side of the building. We haven't completed that work yet. We did go out to RFP and selected a vendor, and are kicking off the process right now. The contract has been approved, and we are working through it. We will spend a little bit in 2024, but the majority of the project, post-permitting and actual construction, will be in 2025. Except for that item, the budget is balanced. We will use bond money or the building fund to cover the retaining wall.

The budget highlights (slide 16) show that it is about 90-95% complete. We will be spending time at a retreat tomorrow to finalize the work plan as a group. There has been significant input from the operations managers, making this a multi-group process rather than just finance working in isolation. We have also done some work as an agency to balance this budget. We have had many discussions around efficiencies and how to leverage resources across departments and programs to be efficient. We ensure we are using the RFP process for every contract where it makes sense, following our policy to get the best prices. This is a big part of our spend. We have been sharing best practices across departments to help balance the budget. Mr. Cox said the best part is that this budget continues to invest in our people, empowering our talented team.

From a revenue perspective (slide 17), this budget includes the Nevada AB 522 salary increases approved in the last legislature. Similar to our approach with the Board of Examiners for 2024, we will do the same next year for the \$430,000 from Nevada. It is also crucial that we receive the California match for AB 522.

We talked about the planning fees, which are designed to cover our costs as an agency. These fees are increasing based on the action we took last fall, implemented in February. We included an inflation item and expedite fees, which we have seen more of in the past few months, in our estimation process. There are also some major projects in the planning phase that we will need to support. Mr. Cox believes trends indicate that planning fees will continue to increase in the upcoming year.

Mr. Cox said the budget assumes a full agency staff. The budget also includes a 3 to 5% merit-based increase for staff. The number budgeted is 4%, so we will conduct a process where we look at performance and where folks are in the salary range. The increase will be somewhere around that figure, which is crucial for the long-term health of the organization, which is driven by our staff members.

In summary, Mr. Cox added that they will delve deeper into the details tomorrow as a group at the retreat. There's still room for adjustments as we determine the priorities, and if there are any shifts

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that come from the retreat.

Committee Comments

Ms. Hills asked if we are building any flexibility for studies to see whether transportation can be a mitigation measure? Specifically, regarding the Tahoe Transportation District (TTD) side of things, we were limited to using the old elementary school site for two seasons by TRPA, and now we're struggling to find a new site. We think we have a plan, but it's not ideal, for the East Shore Express. I've learned that sometimes you need studies to fully understand these issues. Is there any opportunity to conduct a study, and are there funds available for such a thing?

Ms. Julie Regan, Executive Director responded that there will be a briefing later as part of the General Board meeting agenda item on the Regional Transportation Plan. She added that we are doing an environmental review of the Regional Transportation Plan (RTP), so multiple studies and analyses will be conducted as part of that. You've already heard some of the proposals and policies we've brought forth, such as the Active Transportation Plan and Vision Zero. There's a lot of work happening in that space.

Regarding the Tahoe Transportation District (TTD) permit, this relates to the two-year rule for temporary activities. We've been working with TTD on this significant challenge because the East Shore shuttle is critical for recreation travel and congestion relief on the East Shore. The temporary activity permit is valid for two years, after which TTD needs a full permit. We've known this for a couple of years and have been in open discussions with the TTD team. The difficulty lies in finding a suitable site, so in this case, a study may not be applicable. We're committed to working through any additional problem-solving necessary to keep the shuttle operational.

Mr. Bass was curious about the status of the California funds we're looking to have matched. Where is that in the legislature, and what does it look like? Ms. Regan responded that we've been working with the state of California on this. Firstly, she commended Chad Cox on his work on the budget. TRPA's budget is quite complex, with revenues coming from both states, each having its own process. Nevada uses a biennium approach, which means a two-year budget cycle, adding another layer of complexity.

Ms. Regan said that right now California is currently stretched thin financially. Over the years, TRPA has managed through California's budget fluctuations, maintaining stability, although without increases. This year, we're pleased that there are no cuts from California, which isn't the case for many other critical programs in the state.

In working with the California Natural Resources Agency (CNRA), led by Secretary Wade Crowfoot, we've identified funds that can be used for the match. We have a commitment that we will receive the \$130,000 needed for this year. Moving forward, we're seeking a structural solution.

Since we're not an official state agency, we don't automatically receive cost-of-living adjustments like other natural resources agencies. We're in discussions with both states to establish an automatic trigger so that whatever adjustments natural resources agencies receive, we would automatically receive as well. Currently, we need to request an enhancement or budget change proposal, which other agencies do not. This process sometimes leaves us behind in competitiveness and salaries.

We believe we have a solution for this year's California funds, but we need a long-term fix. We're in active conversations with Secretary Crowfoot's office and Director Settlemeyer to address this issue.

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While there is still work to do, we are optimistic about resolving it for this fiscal year because Nevada's funds are contingent on California's match.

This item was informational only.

VII. Committee Member Comments

None

VII. Public Comments

Mr. Doug Flaherty, TahoeCleanAir.org said it was interesting that Mr. Cox mentioned that during the retreat tomorrow, the work plan would be finalized. The agenda shows no action taken tomorrow so he asked if this was changing, are you taking action, or are you deliberating towards action?

TRPA Executive Director, Ms. Regan clarified that Mr. Cox was indicating that we are going to take input from the board tomorrow. There will be no action or deliberation. She continued that at our retreats we typically hear from both the public and from board members, and we work together in a workshop setting. We will take that input back and staff will be bring a draft budget and a draft work plan item for action at the June Governing Board open meeting.

X. Adjournment

Ms. Gustafson made a motion to adjourn.

Ayes: [All]

Ms. Laine adjourned the meeting at 9:12 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.