



MINUTES

SPECIAL MEETING OF THE NORTH TAHOE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS Tuesday, May 27, 2021, at 1:00 p.m. Via Teleconference

CALL TO ORDER/ESTABLISH QUORUM

The North Tahoe Public Utility District Board of Directors' special meeting was held on Tuesday, May 27, 1:00 p.m. via teleconference. The Directors in attendance were President Coolidge, Directors Mourelatos, Daniels, Hughes, and Thompson. District Staff in attendance included General Manager Johnson, Engineering and Operations Manager Pomroy, Chief Financial Officer Van Cleave, Administrative Manager Holt, Utility Operations Manager Fischer, Public Information Officer Justin Broglio, and Administrative Liaison Moga. Counsel Nelson was also present. The pledge of allegiance was recited. No changes were made to the agenda.

PUBLIC COMMENT AND QUESTIONS (1:05 p.m.) -

Director Mourelatos spoke about how the Recreation Departments in the basin are experiencing sold-out programs as there is a high demand for youth programming. District ratepayers will be requesting programming. GM noted our spirit of partnership with Boys & Girls Club and support is essential.

There were no further requests for public comment.

FISCAL YEAR 2021/2022 BUDGET WORKSHOP

GM Johnson introduced the item. GM Johnson and CFO Van Cleave provided a PowerPoint slide show.

Director Mourelatos spoke about committing staff time to conduct Research & Development to address and accelerate the backlog of projects and to ensure the District is remaining consistent with industry trends. GM Johnson spoke about future initiatives and investments. In response to Director Mourelatos' inquiry about capitalizing staff time, GM Johnson confirmed the project cost includes staff time; however, future Boards might not want to capitalize staff time.

In response to Director Mourelatos' inquiry about software, GM Johnson noted we are currently evaluating software options. CFO Van Cleave noted we have budget dollars available for training and enhancing the current records management software. GM Johnson spoke about selecting the appropriate Human Resources software as it is a priority, but we haven't identified the right software.

President Coolidge noted she is a low water user and enjoys seeing how she compares to another user. She stated does not want people to relax knowing they are using less than their peers. GM Johnson stated there are unintended consequences; however, as part of the Prop 218 process, for every 1,000 gallons you use, we charge. This has an economic impact that will in theory encourage people to use less water. Director Daniels stated she know some high-

water users who choose to use water on their landscaping, and perhaps the high-water user letters should indicate 'as you choose.' GM Johnson stated we are crafting language as 'water wise' and incentivizing the use of smart irrigation controller to help drive down use while maintaining landscaping.

CFO Van Cleave provided a PowerPoint slideshow of the proposed budget.

In response to Phil Thompson's inquiry about worker's compensation, CFO Van Cleave noted claims, size of our district, and salaries are variables on the modifier. GM Johnson spoke about the nature of increases in CalPers, insurance, and worker's comp. Director Mourelatos requested a deeper dive into worker's compensation. GM Johnson noted he would address the increase during the employee benefits discussion, and it can be discussed at finance or personnel committee or with the full Board if so desired.

In response to Director Mourelatos' inquiry about depreciation, CFO Van Cleave noted it was included in the original cost of service study, and we have deviated. She added that depreciation grew in capital, and we are reinvesting faster than depreciation. Director Mourelatos noted an increase in depreciation in the next years will negatively impact EBIDA. GM Johnson noted our excess revenue would reduce, but our ability to fund capital replacement and fund depreciation is unimpacted as funds are still there on a cash basis. Director Mourelatos stated cash is flowing but can look bad on our statement. President Coolidge stated we would have brand new infrastructure.

Director Mourelatos inquired about a master plan for parks and recreation. GM Johnson stated master plan is the capital program to assess individual and joint needs facilities and programs in partnership with Tahoe City PUD. GM Johnson added the Board and Commission will be active participants. President Coolidge spoke about the Phase 2 planning process. GM Johnson noted the joint study would look at programming demand, available or possible facilities, and funding needs while layering the goals of the strategic plan on top of it.

In response to Director Mourelatos' inquiry, CFO Van Cleave noted we outperformed past budget and projections. CFO Van Cleave stated we are budgeting to have excess cash to fund infrastructure. GM Johnson noted we are also strategically spending down reserves.

In response to President Coolidge's inquiry, GM Johnson noted we undershot our NTEC operating budget as we expected the return of events last September 2020; however, there was a great deal of uncertainty during budget development.

President Coolidge inquired why Boys & Girls Club funds are not in programming. CFO Van Cleave noted the funds are in Recreation & Parks administrative outside services contractual, but not in programming. GM Johnson noted it wasn't included in the programming line item in order to track our in-house programming performance as we get this program off the ground.

Director Thompson spoke about the growth of the engineering department and stated he hopes the use of consultants and outside support will go down. GM Johnson noted the prudent use of consultants is driven by the complexity, volume, and expertise required for the project

on a case-by-case basis. He added that we are doubling to quadrupling the number of projects on an annual basis and doing so will require additional staff time along with the use of consultants.

Director Thompson referenced page 61 of the board packet and inquired about the spike in Capital Replacement Investment. GM noted the current year's graph spike is double what it was in previous years, and we need the staff levels in order to deliver. He noted that \$9.8 million is slated for construction this year with \$7 million currently in construction at National Sewer Pump Station, Field #4, and N-1 station and we are in the process of bidding Grey & Toyon Watermain, Dollar Tank, and Kingswood West SCADA Hub. Additionally, in 2022, it will be nearly \$6 million with Kings Beach Grid watermain work, sewermain rehab, and satellite stations. He added the staffing plan is sustainable and is right-sized for the projected long-term capital load. Director Mourelatos stated it's an aggressive capital plan. GM Johnson stated that he is working with EOM Pomroy to build a team and create a project execution cycle of designing for next year, permit, awarding, executing and monitoring the project. Director Thompson's noted with proposed staffing levels, we should not be limited to anything else other than the budget. GM Johnson noted the strategy is to delegate the smaller projects to the proposed position of Project Engineer and Construction Manager and leave the larger complex projects to the other engineers.

PUBLIC COMMENT AND QUESTIONS - There were no requests for public comment.

ADJOURNMENT – There being no further business to come before the Board, the meeting adjourned at 3:49 p.m.