

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Regular Meeting Minutes
October 16, 2018 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3:00 p.m. by President Wilson.

Roll Call of Board members present: Moore, Teeter, Meserve and Wilson. Absent: Hemphill

Staff Present: Dan Newton, Executive Officer, Gwenna MacDonald, Secretary, and Reesa Rice, Pool Director.

1 APPROVAL OF AGENDA: Motion by Board member Meserve, second by Board member Moore, to approve the agenda. Motion carried. Ayes: Meserve, Moore, Teeter and Wilson. Absent: Hemphill.

2 APPROVAL OF MINUTES: Motion by Board member Moore, second by Board member Teeter, to approve the minutes of the September 18, 2018 meeting. Motion carried. Ayes: Moore, Teeter, Meserve and Wilson. Absent: Hemphill.

At 3:02 p.m., Board member Hemphill arrived and assumed his seat on the dais.

3 CORRESPONDENCE: None.

4 PUBLIC COMMENT: No comments.

5 MATTERS FOR BOARD CONSIDERATION:

5A Financial Reports through October 9, 2018

Mr. Newton presented the financial reports through October 9, 2018. He directed the Board's attention to the 2018/2019 projected budget with revenue and expenses. The shaded area represents project expenses based upon prior year actuals, adjusted for the remainder of the year according to the prior year actual expenses. It is expected that the expense related to professional services would be less than the same expense for 2017. He and Ms. Rice were getting up to speed during that period of time which resulted in higher than normal professional expense costs. Mr. Newton noted the addition of line item 35, budgeted expenses, explaining that the expense overall is apportioned to the various months, based upon the actual numbers from the prior year. The anticipated revenues have been projected in a similar manner, with the budgeted revenues allocated to the months that they are expected to be received. The report does not include September or October numbers, as the September revenue and expenses have not been reconciled, and the month of October has not concluded. The grand total figures show an expense amount slightly less than revenue, which was anticipated when the Board adopted a balanced budget. Mr. Newton invited questions or comments from the Board.

President Wilson asked if the trend for September was similar to the prior year, based upon the expenses received to date.

Mr. Newton responded that while the expenses are tracked, the invoices received in October are generally for expenses generated in September, so the September figures are tracked in an ongoing manner, but will not be reconciled until all of the invoices for services are received.

There was a general discussion regarding the formatting of the report and the meaning of the shaded versus unshaded area.

President Wilson commented that it is important to set aside money for long and short term capital improvements.

Mr. Newton noted that staffing is a major expense, however based on projections the facility is performing better than originally anticipated.

Tony Jonas asked about a line item for chemicals that has been carried forward for several months as a pending payment.

Reesa Rice explained that it was her understanding that the contractor originally provided the chemicals needed for the facility start up, and then subsequently sent a billing.

Mr. Newton commented that staff would follow up with the County and that Ms. Whitlock will likely be able to provide an explanation.

There were no more questions or comments.

5B Approve City Reimbursement Request through October 5, 2018

Mr. Newton stated that the City reimbursement request for providing both administrative and operational staffing is \$1,971.85 in administrative costs and \$13,412.06 for operations for a total of \$15,383.91 for the period of August 25 through October 5, 2018. Mr. Newton explained that the Grand Jury has requested that the report include a description of tasks performed by the Executive Officer and Secretary, which have been included with the reimbursement request.

Motion by Board member Teeter, second by Board member Meserve to approve the reimbursement request as submitted; Motion carried unanimously. Ayes: Teeter, Meserve, Moore, Hemphill and Wilson.

5C Review Grand Jury Response

Mr. Newton explained that he has worked with the Lassen County Auditor and Treasurer to develop a response to the Grand Jury. The format of the response must be in accordance with Penal Code 933, and requires that the Board either agree, disagree in part or disagree entirely with the Grand Jury's recommendations. The partial disagreement or total disagreement must include an explanation of the disagreement. The response is required to explain if the recommendations as outlined in the report have been implemented, will be implemented, or will not be implemented. The response to the Grand Jury must have the approval of the Board.

Board member thanked Mr. Newton for his work to develop what he characterized as a measured response to the Grand Jury report.

There were no other comments from the Board or public.

Motion by Board member Hemphill, second by Board member Teeter, to approve the Grand Jury response and authorize the President to submit the report; Motion carried unanimously. Ayes: Hemphill, Teeter, Moore, Meserve and Wilson.

5D Utility Services Agreement with the City of Susanville

Mr. Newton explained that this item pertains to the agreement entered into with the City of Susanville to provide utilities to the community pool facility. It was his understanding that the intent of the agreement as to charge an amount that would cover geothermal pumping costs. A month was selected during which the pumping cost was \$1,900, so an amount of \$2,100 was established to be charged during the summer months when there were no other users on the system. The actual pumping costs has been identified as ranging from \$1,200 to \$1,600 per month so given that, the intent is to request that the City consider amending the agreement to reflect an updated cost for geothermal usage. It is also worth pursuing whether or not natural gas would be cheaper to utilize for heating costs. There is only one geothermal well, so there is some benefit of utilizing natural gas as the summer is normally the time that maintenance and any needed repairs are performed on the well. It is the recommendation of staff that the Board request a modification of the charges retroactive to the beginning of the fiscal year.

President Wilson thanked Mr. Jonas for staying on top of the issue, because it does not make sense for the City to over-charge itself for utilities.

Mr. Jonas asked how the City defines summer months as related to the geothermal well.

Mr. Newton responded that normally the system is operational from November 1st through May, so the summer months would be defined as June through October. The geothermal system has historically been off during that period of time, and users advised to use back up heat sources until November 1st when it is turned back on. The language in the agreement states that if it is used during the period of June to October, then the JPA pays for the actual usage, and amending that language would be included in the proposed change. He noted that Item 3 on the first page of the agreement should say May and not April.

President Wilson commented that locking the agreement in to specific dates or months does not allow for a lot of flexibility, leaving the facility pigeonholed into perhaps paying for system usage for other people.

There was a general discussion regarding the operation of the geothermal system, and the ability for anyone on the system to access it when it is running year-round.

Mr. Jonas stated that he has discussed the geothermal system and billing cycle with other agencies, and it varies from agency to agency.

Mr. Newton proposed that the Board request that the City Council consider re-evaluating the agreement and adjusting the billing to reflect the actual pumping costs, which have been established to be less than the \$2,100 currently charged. There is no way to restrict other users from accessing the system during the transition months, and it might be worthwhile to consider a flat rate charge for the JPA. He added that as one person wearing two hats, it would be more appropriate for that request to consider the agreement come from the Board rather than a staff member.

Sam Williams, Lassen County Times, stated that he remembered a meeting when it was discussed that the facility would be heated primarily with geothermal, and now it sounds as if the Board may be considering using natural gas instead. He wanted to clarify that the geothermal system was operational and would still be the primary heat source.

President Wilson responded that the City would be charging the facility a natural gas rate that is at cost, and his concern is to heat the pool by the most economical method, whether that be geothermal or natural gas. The proposal to amend the agreement is to correct the original intent of charging only pumping costs. The \$2,100 price is not actual cost, it's between \$1,200 and \$1,600 during the summer months.

Board member Meserve agreed, adding that the pool is built to utilize a dual system for heating, and both are fully functional.

Board member Teeter concurred, stating that the Board wants to use whichever system is available to run the facility at the best price possible.

It was the consensus of the Board to move forward with requesting the Susanville City Council consider amending the Utility Services Agreement.

5E Update on Pool Operations

Ms. Rice reported that the pool is scaling back operations each week, with fewer classes, and the 6:00 a.m. lap swim time has concluded for the season. The High School team is using the facility for another week, but as the year progresses the usage and scheduling is diminishing. The anticipated closing date of the pool is October 26th, with a work day scheduled for October 27th to clean up, put away equipment and winterize the pool.

President Wilson observed that it sounds as if the season was very successful, and overall he is getting positive feedback from people. He asked what activities and work were planned for the winter months.

Ms. Rice explained that there are some adjustments and revisions that will be implemented for scheduling next season, but use diminishes in September as people have other activities associated with school and fall sports. The usage diminishes and it is very comparable to what occurred last year. Winter plans include work on landscaping, working with community groups for the addition of benches or shade structures, and working to update the 2019 schedule.

The Board thanked Ms. Rice and Mr. Jonas for their hard work during the season.

6 BOARD MEMBER ISSUES/REPORTS:

There was a discussion regarding attendance at the November 20, 2018 meeting due to the Thanksgiving holiday week. It was the consensus of the Board to schedule a special meeting for November 13, 2018.

Meeting adjourned at 3:54 p.m.



Brian Wilson, President

Respectfully Submitted by



Gwenna MacDonald, Acting Secretary HLVRA

Approved on November 13, 2018