



Paradise Recreation & Park District

6626 Skyway
Paradise, CA 95969
Email: info@ParadisePRPD.com

Phone: 530-662-2037
Fax: 530-872-8619
Website: www.ParadisePRPD.com

NOTICE OF BOARD OF DIRECTORS COMMITTEE MEETING

Committee: Finance Committee (*McGreehan/Rodowick*)
Date: Thursday, September 10, 2020
Time: 2:00 p.m.
Location: Via Teleconference

Special Notice:

Pursuant to California Governor Gavin Newsom's Executive Order N-29-20 issued on March 17, 2020, relating to the convening of public meetings in response to the COVID-19 pandemic, the Paradise Recreation and Park District will be closing the Personnel Committee Meeting to members of the public and non-essential District staff.

The public may listen to this meeting via computer or telephone. The public may submit comments prior to the meeting via email to ccampbell@paradisepprd.com before 1:00 p.m. on the day of the meeting and they will be read into the record.

Please use the link to join the webinar: Join Zoom Meeting
<https://us02web.zoom.us/j/89394583808?pwd=VHZvSkVaSzI1SVBmR291NllxVHc3dz09>

Or via Telephone: Dial by your location: +1 669 900 9128 US (San Jose) (or) +1 346 248 7799 US (Houston)
Meeting ID: 893 9458 3808 Password: 948710

AGENDA:

The Committee will meet to:

1. Review Reserve Policy for Board consideration.
2. Review potential resolution and allocation of investment strategies to maintain District services.
3. Next Meeting: Thursday, October 8, 2020 at 2:00 p.m.

https://paradisepprd.sharepoint.com/sites/BODMeeting/Shared Documents/_Committee.Finance/FC.20.0910/FC.20.0910_Agenda.docx



DATE: 9/2/2020
TO: Finance Committee
FROM: Catherine Merrifield, District Accountant
SUBJECT: Reserve Policy

Report in Brief

On February 12, 2020 the Board approved the District's Investment policy. Staff have now prepared a draft Reserve Policy for review with the Finance Committee. The policy will need to be refined.

In 2000 the Little Hoover Commission created a report entitled "*Special Districts: Relics of the Past or Resources for the Future?*" the report claimed,

"Hundreds of independent special districts have banked multi-million dollar reserves that are not well publicized and often not considered in regional or statewide infrastructure planning"

Because of this Commission report, media began reporting on special districts and led to legislative hearings and grand jury investigations into the way special districts handled their reserves.

Investment and reserve policies in special districts have become a necessity. Attached (**Attachment A**) is a draft of the reserve policy staff would like to implement. By creating this reserve policy, the District will increase transparency with patrons and local government agencies and ensure greater compliance with Governmental Accounting Standards Board Statement No. 54. The policy must set guidelines for saving, using, and reporting funds.

Recommendation: *Review and provide recommendations to staff and the full BOD*

Attachments:

- A. Draft Reserve Policy

https://paradiseprpd.sharepoint.com/sites/BODMeeting/Shared Documents/_Committee.Finance/FC.20.0910/2020.0903.Draft.Reserve.Policy.Staff.Report.docx
9/3/2020

Paradise Recreation & Park District Reserve Policy

Purpose:

The Paradise Recreation & Park District (the District) shall maintain reserve funds from existing unrestricted funds as designated by the District's Reserve Policy. This policy establishes the procedure and level of reserve funding to achieve the following specific goals:

- a) Fund replacement and **major repairs for the District's physical assets.**
- b) Fund regular replacement of computer hardware and software.
- c) Fund designated conservation projects/programs or other special uses not otherwise funded by grants or requiring additional monetary support;
- d) Fund capital improvements; and
- e) Maintain minimal operational sustainability in periods of economic uncertainty.

The District shall account for reserves as required by Governmental Accounting Standards Board Statement No. 54, which distinguishes reserves as among these classes: non-spendable, restricted, committed, assigned and unassigned. The reserves stated by this policy, unless otherwise required by law, contract, or District policy shall be deemed "assigned" reserves.

Policy:

Use of District Reserves is limited to available "Unrestricted" Funds (not obligated by law, contract or agreement), including donations, interest earned, fees for service or other non-grant earnings. All special use funds will be designated by formal action of the Board of Directors. [\[\[\[The following reserves reflect common purposes of many Districts for cash reserves. We can add, take away, or change any of the reserve categories\]\]\]](#)

Vehicle Fleet Reserve:

Vehicle Fleet Reserves will accumulate from existing unrestricted funds, at a rate of [\$\$\$\$] annually.

The maximum amount of Vehicle Fleet Reserves will be [\$\$\$\$]. When the annual accumulation would increase the Reserve beyond [\$\$\$\$], only the amount required to reach the maximum will be reserved.

Technology Reserve:

Technology Reserves will accumulate from existing unrestricted funds at a rate of [\$\$\$\$] annually. The maximum amount of Technology Reserves will be [\$\$\$\$]. When the annual accumulation would increase the Reserve beyond [\$\$\$\$], only the amount required to reach the maximum will be reserved.

Designated Project/Special Use Reserve:

Designated Project/Special Use Reserves will accumulate from existing unrestricted funds at a rate of [\$\$\$\$] annually. The maximum amount of Designated Project/Special Use Reserve will be [\$\$\$\$].

When the annual accumulation would increase the Reserve beyond [\$\$\$\$], only the amount required to reach the maximum will be reserved

Capital Improvement & Acquisition Reserve:

Capital Improvements & Acquisition Reserve will accumulate from existing unrestricted funds at a rate of [\$\$\$\$] annually. Designated Capital Improvement Funds may be used to cover major facility improvements (construction, installation of new doors or windows, replacing doors and windows, roof replacement, HVAC replacement, alarm system installation, parking lot and outside lighting improvements, etc.) [fill in acquisition description here (to purchase property)].

The maximum amount of Capital Improvement & Acquisition Reserves will be [\$\$\$\$]. When the annual accumulation would increase the Reserve beyond [\$\$\$\$], only the amount required to reach the maximum will be reserved.

Repair/Operations & Administrative Operations (Future Operations*) Reserve:

Facility & Administrative Operations Reserves will accumulate from existing unrestricted funds at a rate of [\$\$\$\$] annually. The maximum amount of Facility & Administrative Operations Reserves will be [\$\$\$\$]. When the annual accumulation would increase the Reserve beyond [\$\$\$\$] (equivalent of three years of Operations Reserves), only the amount required to reach the maximum will be reserved.

*Should Future Operations be a separate section or added to this section?

Total All Reserve Funds:

The total amount of Reserves designated annually from all funds shall be [\$\$\$\$] with a cumulative accrual cap of [\$\$\$\$].

Using Reserve Funds:

Vehicle Fleet Reserve:

Vehicle Fleet Reserves will be used exclusively for the purchase of new vehicles to support District operations, or to make major repairs to existing vehicles.

Technology Reserve:

Technology Reserves will be used to purchase hardware and software in support of District operations, with the intent of maintaining a modern technology for employees.

Designated Project/Special Use Reserve:

Projects, programs or special uses will be identified by the General Manager and/or the Board of Directors and approved by the Board. Uses must further the mission of the District and will be evaluated for designation according to value to the District and the people it serves.

Capital Improvements & Acquisition Reserve:

Capital Improvements & Acquisition Reserves shall be limited to costs related to making changes to improve capital assets, increase their useful life, or add to the value of these assets [fill in acquisition description here].

Operations/Repair & Administrative Operations (Future Operations*) Reserve:

Operational Reserves shall be accrued to ensure three years of minimal facility and administrative functions, at a rate of [\$\$\$\$]. Reserve funds shall be utilized to support:

- 1) Administrative operational functions, including minimal staffing levels and administrative/office expenses;
- 2) facility operations;
- 3) facility repairs (distinguished from Capital Improvements and may include painting, caulking of seams, roof repairs, HVAC repairs, patching of walls, etc.).

Monitoring Reserve Levels:

The District Manager, in collaboration with the District Accountant, shall perform a reserve status analysis annually, **to be provided to the Board of Directors' annual deliberation/approval of Budget and Reserve Funds.**

Additional information may be provided to the Board of Directors upon the occurrence of the following events:

- a) When a major change in conditions threatens the reserve levels established by this policy or calls into question the effectiveness of this policy;
- b) Upon District Manager and/or Board request.

DRAFT

**TOWN OF PARADISE
RESOLUTION NO. 20-23**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PARADISE
PACIFIC GAS AND ELECTRIC (PG&E) SETTLEMENT FUNDS
PLANNING FOR FUTURE SUSTAINABILITY OF TOWN OPERATIONS**

WHEREAS, the Town Council of the Town of Paradise acknowledges the Camp fire of November 2018 drastically impacted the Town of Paradise's long-term financial stability and its ability to maintain critical public services; and

WHEREAS, The Town of Paradise will be in a state of recovery for an indefinite time period working towards regaining fiscal sustainability while maintaining operations that provide Police Services, Fire Services, Animal Control, Building and Planning Services, Code Enforcement, Streets and Roads repair and maintenance, and disaster recovery management; and

WHEREAS, Pacific Gas and Electric company (PG&E) has been determined to be responsible for the Camp Fire for which the Town of Paradise will receive a settlement of \$270 million during FY 2020/21; and

WHEREAS, through Town Council discussions at meetings held in a public forum Council has stated its intent to maintain operations during the rebuild of Paradise; and

WHEREAS, the Town Council of the Town of Paradise recognizes an indeterminable time frame not under twenty years in rebuilding the Town where rebuild efforts will require the use of settlement proceeds in order to sustain the Town's viability and attract residents and businesses to join in their efforts; and

WHEREAS, the Town Council has recognized in order to maintain critical services into the future while undergoing post-Camp Fire rebuilding efforts the cost is represented by 67% of settlement funds to be set aside through an investment strategy that allows for the distribution of funds for normal operations on a yearly basis; and

WHEREAS, The Town Council is committed to paying its future liabilities through the use of PG&E settlement funds and recognizes the following liabilities and use of settlement funds including unfunded liability and pension obligation bond (19%) hazard mitigation grant program match (3%) maintenance and equipment replacement (4%), Federal Emergency Management Agency (FEMA) and insurance ineligible expenses (1%), cash flow and contingency reserves (3%), and other Town priorities (3%); and

WHEREAS, The overarching goal of the Town Council of the Town of Paradise is dedication to the Town's sustainability in order to develop a vibrant and robust community for its current residents and businesses, and its residents and businesses in the future; and

WHEREAS, Most of the PG&E settlement funds are committed and only through proper management and prudent investment toward sustaining critical public services will the Town's fiscal solvency be restored.

NOW THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF PARADISE as follows:

Section 1. The Town Council adopts Exhibit A attached to this resolution which sets forth its intention to maintain Town services with the use of PG&E settlement funds, and recognizes current long-standing liabilities and their future payment will be part of the overall investment plan for the PG&E settlement funds.

PASSED AND ADOPTED by the Town Council of the Town of Paradise this 14th day of July, 2020, by the following vote:

AYES:	Steve Crowder, Jody Jones, Melissa Schuster, Mike Zuccolillo And Greg Bolin, Mayor
NOES:	None
ABSENT:	None
NOT VOTING:	None

Greg Bolin, Mayor

ATTEST:

By: _____
Dina Volenski, Town Clerk

APPROVED AS TO FORM:

Dwight L. Moore, Town Attorney