

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winquest
Interim District General Manger

Paul Navazio
Director of Finance

SUBJECT: Review and discuss criteria for pending Capital Improvement Projects (CIP)

STRATEGIC PLAN REFERENCE(S): Long Range Principle #5 – Assets and Infrastructure

DATE: April 25, 2020

I. RECOMMENDATION

That the Board of Trustees review and discuss criteria being developed to inform upcoming milestone decisions for pending funded CIP.

II. BACKGROUND

In response to the COVID-19 crisis and protocols, the District operations have been scaled back to only essential services and limited work in preparation for resumption of programming and activity at District facilities and venues. Accordingly, the Board and Staff have been evaluating whether to proceed with pending capital improvement projects, significant capital expenditures, and purchases on largely a case-by-case basis.

At its meeting of April 1, 2020, the Board of Trustees reviewed the Preliminary Capital Improvement Budget for FY2020/2021 as well as the updated Five-Year Capital Improvement Plan. During this discussion item, the need was identified to consider establishing criteria to evaluate whether projects should proceed or whether – in the current environment of operational and fiscal uncertainty – selected projects are candidates to delay, defer or, perhaps, defund.

This report presents Staff's initial attempt to establish capital project categories and priorities, as well as selected criteria that are to be applied to evaluate each specific

project or capital expenditure. Categories are to be assigned on the basis of relative project priorities as well as an evaluation of pros and cons of project delay or deferral.

In order to promote communication and transparency on pending current-year expenditures, in addition to those contracts that are required to be presented to the Board for approval under existing Board policy, the General Manager will also be including, on upcoming Board of Trustees meeting agendas, selected construction and procurement contracts that may, under normal circumstances, be approved under the General Manager's contract authority.

This Board memo is intended to present capital project categories and evaluation criteria, as well application of this criteria to pending projects funded in the current (FY2019/2020) fiscal year. Application of criteria to projects to be included in the proposed FY2020/2021 Capital Improvement Budget will be discussed at the Board of Trustees May 7, 2020 workshop.

CIP Project Evaluation Criteria

This section summarizes three categories for determining whether a pending capital improvement project or capital expenditure (or other significant expenditure) should proceed as planned or be deferred or, perhaps, eliminated from the budget.

In general, priority will be given to mission critical priorities, projects that address health and safety issues and ensure maintenance of service levels. However, it is also recognized that under existing "modified" operations under COVID-19 protocols, a number of projects are largely discretionary and may be candidates for review prior to project execution.

It is acknowledged that the evaluation criteria include inherently subjective elements. As such, the criteria are not intended for scoring or ranking within each category, but rather to guide decision making related to execution of major capital project expenditures under the current climate of operational uncertainty, while also safeguarding the District's assets and long-term interests of our residents.

- Project Priorities:

- "A" – Health & Safety / Critical Infrastructure – Projects to *proceed*

- "B" – Discretionary As to "Timing" – Assess pros and cons to project *deferral*

- "C" – Discretionary – Assess pros and cons to project *cancellation*

CRITERIA	Project Priority		
	Likely: Proceed "A"	Consider Options: Proceed or Defer "B"	Consider Options: Defer or Cancel "C"
	Federal /State Mandate	X	
Health and Safety	X		
Critical Priority Initiative	X		
Critical as to Timing / Coordination with Other Projects	X		
Liability / Risk Management	X		
Service Level Enhancements	X	X	
Service Impacts of Project Deferral		X	
Cost/Savings from Project Deferral		X	
Opportunity Cost		X	X
Goodwill		X	X
Service Impacts of Project Cancellation			X
Cost/Savings from Project Cancellation			X
Other	X	X	X

Priority "A" Projects – Projects in this category are recommended to proceed consistent with current scope, budget and schedule.

These may include projects to meet state and federal regulatory requirements, address liability risks as well as priority Board initiatives. Projects may also be recommended for this category if they are critical to sequence and timing of subsequent priority projects. Critical utility and building infrastructure projects may also be Priority A projects. Projects designed to implement service level enhancements may or may not be deemed priority A projects, and will be reviewed on a case by case basis.

Priority "B" Projects – Projects in this category will be evaluated to determine pros and cons of deferring the project, either within the current year or to a subsequent fiscal year.

These projects will most likely include routine maintenance and replacement, and procurement of equipment, including fleet. While project deferral may be advisable due to funding/cash flow considerations, these projects are recognized as necessary and will remain funded in the budget or multi-year capital plan. Among the criteria to be considered are impacts to service levels, budgetary impacts and project costs, opportunity costs of project timing, and community/customer goodwill.

Priority "C" Projects – Projects in this category will be evaluated to determine pros and cons of deleting the project or deferring to a future fiscal year.

This category would include projects deemed discretionary and relatively low-priority. Consideration will be given to cost-savings and service level impacts as well as community goodwill.

Pending FY2019/2020 CIP Projects

Board of Trustees Policy 3.1.0 establishes levels of authority to approve and execute contracts on behalf of the District. This policy generally follows Nevada Revised Statutes (NRS) provisions for local government agency procurement relative to construction contracts (NRS 338), professional services contracts (NRS 332) and other goods and services (NRS 332). A summary of this policy is attached hereto.

In its application, the policy authorizes the General Manager to award contacts up to \$100,000 for goods and services (including professional services contracts) and up to \$100,000 for public works construction projects (as defined by NRS). The Board of Trustees must approve contracts in excess of \$100,000 for goods and services, including professional services contracts, and over \$100,000 for public works construction contracts (as defined).

The current FY2019/2020 CIP budget includes funding for selected projects that are scheduled to come before the Board of Trustees for contract award(s) prior to the end of the fiscal year. In addition, several projects are proceeding at the discretion of the General Manager, including projects that, under the current circumstances, may warrant modification or deferral. These are included in this Board memo so as both to assist with the discussion of CIP project criteria as well as to ensure communication with the Board and the public.

The following is a current list of projects with upcoming project milestones impacting project delivery timeline and near-term expenditures.

(A discussion of Capital Improvement Plan project criteria relating to the FY2020/2021 Capital Budget and Five-Year Capital Plan will be discussed as part of the upcoming Board Budget Workshop on May 7, 2020.)

Projects Subject to Board of Trustees Contract Approval(s):

FUND	PROJECT	FY20 CIP	FY21 CIP	GM	BOT	
		Budget	Proposed Budget	Recommendation	Tent Date	Action
<i>Community Services</i>						
A	Tennis Center Renovation	1,285,000		Proceed	27-May	Award Construction
A	Lakeview Ski Lift Maintenance and Improvements	250,000	25,000	Proceed	27-May	Award Construction
B	Maintenance Building Drainage, Washpad and Pavement Improvements	30,000	700,000	Proceed	May / June	Award Construction
B	Ecommerce / Middleware Software	202,000	--	Defer / CFWD	May / June	Award Contract
<i>Utility</i>						
A	Water Reservoir Safety and Security Improvements	375,000	200,000	Proceed	May / June	Award Construction
A	Watermain Replacement - Martis Peak Road	50,000	990,000	Proceed	June	Award Construction

Tennis Center Renovation - Proceed

The key project objectives are renovation of the pro-shop buildings and surrounding site as well as renovation of aging restrooms. The Board of Trustees selected a design development alternative on November 13, 2019 and authorized public advertisement for bids on March 11, 2020. Bid results are tentatively scheduled to be presented to the Board on June 10, 2020.

Lakeview Ski Lift Maintenance and Improvements - Proceed

This project includes electrical upgrades to the ski lift. Upgrades consist of the replacement of the Main Low Voltage Control Panel, DC Motor Drive Panel, Return Station Controls, Loading System Controls and Drive panel. The project also includes the replacement of the communication cable from the top terminal to the bottom terminal. Panel fabrication bid results are tentatively scheduled to be presented to the Board in late May with bid results for panel installation tentatively scheduled to be presented to the Board in July.

Championship Golf Maintenance Building Drainage and Washpad Improvements - Proceed

This project will improve surface and sub-surface drainage, construct a modern wash pad facility, and spot treat pavement failures at the Championship Golf Maintenance Building. Construction documents and bid package are scheduled to be completed this spring with construction in the fall.

Water Reservoir Safety and Security Improvements – Phase 2 - Proceed

The project will replace the ladders that access the top of the water reservoirs, install intermediate access platforms, install protective railings and install new fall protection devices for the remaining 3 reservoirs. Bid results are under review and are tentatively scheduled to be presented to the Board on June 10, 2020. If awarded, construction is scheduled to begin this summer and is expected to be substantially complete by mid-October

Martis Peak Road - Water Main Replacement - Proceed

This project includes slip lining a 14-inch water main under State Route 28 and replacing aging steel water main in Martis Peak Road and Rifle Peak Court. The project is currently out to bid and will be brought to the Board of Trustees in June for award of a construction contract.

Ecommerce Software – Defer to FY2020/2021

The RTP|One software is currently utilized at Ski and throughout the District for Food and Beverage operations. Golf, Rec, Tennis and Aquatics/Beaches are currently running on a separate POS Software. This project is for the Installation, licensing, and hosting of an RTP|One Ecommerce platform, a database integration to allow resident verification, and

an open API that will allow other software to easily communicate to the RTP|One back-end. This project is a first step toward the District’s ability to combine POS operations into one back-end system that will simplify accounting, product management and ultimately the customer experience for both residents and visitors.

Projects Subject to General Manager Contract Authority:

FUND	PROJECT	FY20 CIP	FY21 CIP	GM	BOT	Action
		Budget	Proposed Budget	Recommendation	Tent Date	
<i>Community Services</i>						
B	Bocce Courts -Construction	115,000		Proceed	6-May	Award Construction
B	Fitness Equipment	44,200		Reduce Scope		Revised to \$20,000
B	Chateau - Replace Carpet	62,000		Reduce Scope		Revised to \$20,000
C	Replace Hallway Tile at Chateau	65,000		Delete		
<i>Beach</i>						
B	Beaches Flatscape and Retaining Wall Enhancement and Replacement	55,000		Defer to 2021		Carry-Over Funding to FY21

This category of FY2019/2020 CIP projects represents contracts and expenditures whereby, pursuant to Board Policy 3.1.0, the General Manager has authority to authorize and execute construction and/or procurement contracts. However, under the current environment of modified District operations, these items may be brought before the Board of Trustees via the Consent Calendar for Board of Trustees concurrence with the General Manager’s recommendation as well as for increased transparency related to expenditure of capital project funding.

Included herein are projects such as the award of the contract to construct new Bocce Courts adjacent to the Recreation Center (the contract amount does not normally require Board action), as well as selected other projects that are proposed to either proceed albeit with a reduced/scope and cost (purchase of new Fitness Equipment and Replace Chateau Carpeting), deferral until the 2020/2021 fiscal year (Beaches Flatscape and Retaining Wall), and project cancellation (Replace Hallway Tile at the Chateau).

Staff is seeking Board of Trustees feedback on the General Manager recommendations related to these FY2019/2020 Capital Improvement Projects.

III. FINANCIAL IMPACT AND BUDGET

This is an information report and as such does not have a direct fiscal impact. However, the report will inform how the District may proceed with implementing several capital improvement projects with approved funding in the current budget. Any future deferral of capital project expenditures will, in turn, likely impact the upcoming FY2020/2021 to the extent that approved funding is carried-over to next fiscal year.

IV. ALTERNATIVES

None established.

V. BUSINESS IMPACT

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

VI. ATTACHMENT(S)

Summary of IVGID Policy re: Contract Authority

REVIEW OF BOARD POLICY - CONTRACT AUTHORITY

CONTRACT AWARD THRESHOLDS			
Contract Authority	Construction Contracts NRS 338	Professional Services NRS 332 <i>Not Subject to Competitive Bidding</i>	Purchases NRS 332
Board of Trustees	> \$100,000 <i>Award To Low Responsible Bidder NRS requires Publicly Advertising*</i>	> \$100,000 <i>Awarded Based on Qualifications (RFQ) Scope and Cost Negotiated</i>	> \$100,000 <i>Award To Low Responsible Bidder NRS requires Publicly Advertising *</i>
General Manager	> \$25,000 - \$100,000 <i>NRS Requires solicitation of 3 bids</i>	< \$100,000 <i>Awarded Based on Qualifications (RFQ) Scope and Cost Negotiated</i>	< \$100,000. <i>Must solicit 2 bids</i>
General Manager	< \$25,000 <i>NRS does not require bid solicitation IVGID Practice - informal bid solicitation</i>		< \$25,000 <i>NRS does not require bid solicitation IVGID Practice - informal bid solicitation</i>

Note 1:

Board Policy 3.1.6.f - Provides that:

- All contracts that are required to be advertised under NRS 332 or 338 MUST be approved by the Board of Trustees
- Contracts other than those covered under NRS 332.115 and which are not subject to advertising under NRS 332 and 332 may be approved by GM, unless otherwise ordered by Board of Trustees
- Contracts covered by NRS 332.115 may be authorized, approved and executed by the General Manager or his/her designee, if it is for an amount less than the advertising threshold of NRS 332.
- Contracts over the threshold of NRS 332.115 must be approved by the Board of Trustees

Note 2:

Assemble Bill 86, signed into law on May 15, 2019, and effective July 1, 2019, effectively raised the dollar amount threshold for advertising of public agency contracts for non-Public Works contracts, including professional services and procurement contracts from \$50,000 to \$100,000. These public advertising thresholds are now consistent with dollar thresholds that were in place for public works construction contracts, as defined.