

MEMORANDUM

TO: Board of Trustees

FROM: Indra Winqest
District General Manager

SUBJECT: Possible Rebate to Parcel Owners that pay the Recreation Facility Fee and the Beach Facility Fee

DATE: August 5, 2020

The Board of Trustees requested on May 27, 2020, that Staff bring back a memorandum discussing the possibility of a rebate in some form and/or amount to individuals that pay the Recreation Facility Fee and the Beach Facility Fee.

FACTS

In 2019/2020, the Recreation Facility Fee was \$705 for all 8,203 parcels within the District, and the Beach Facility Fee was \$125 for 7,748 District parcels with beach access.

Both fees are included on the parcel's Washoe County tax bill and IVGID pays for that service which is identified in the report that goes with the resolution setting both fees.

COVID-19 pandemic impacts/restrictions were imposed by the State of Nevada on March 16, 2020. The District continued to operate its Diamond Peak Ski Resort through Sunday, March 15, 2020. The Recreation Center and most community programming was closed on March 16, 2020. The golf courses and tennis center did open on time with some COVID-19 restrictions. Our beaches remained open with COVID-19 restrictions and remained open to parcel owners and guests through the June 30, 2020 hence the 2019/2020 Fiscal Year. The Chateau was available and the Board of Trustees held its scheduled meeting there on April 1, 2020. The Board of Trustees switched to all virtual meetings beginning April 14, 2020. Weddings, banquets, and events, along with the Chateau Grille, opened for business in late May with COVID-19 restrictions. Our parks and fields typically do not open until late April/early May weather depending. To date, the parks and fields are open to drop in community use only while playgrounds continue to remain closed due to COVID-19. Administration and Public Works both remained open on an appointment basis only while Staff has continued to respond to emails and telephone calls to provide services to the community.

As the COVID-19 pandemic conditions extended and the State of Nevada issued emergency directives as well as the Federal Government, IVGID responded accordingly. Staff was furloughed, hiring freeze was effected, Senior Management took pay cuts, and Staff came together to take each and every change as it came at them.

Returning back to our facilities, the Recreation Center and most community programming closed on March 16, 2020 and remained closed until June 15, 2020. The Parks & Recreation and Accounting teams quickly came together to ensure that no member was charged for their April membership dues; this continued with their May and June dues. Communication went out to the members that their unused portion of existing memberships would be credited on to their existing membership or refunded once the Recreation Center re-opened depending on the desire of the Recreation Center member.

Public Works also took steps to not impose certain fees during this period. IVGID Public Works temporarily suspended disconnections and penalty charges for delinquent accounts during this time. We worked with customers facing financial hardship to develop payment plans in order to assist with past due balances. Financial penalties for solid waste violations were also suspended. Residential customers were having higher solid waste loads at the curb and instances of animals getting into the waste container was low. Customers with violations were contacted to notify them of the issue and to discuss the steps to stay in compliance. Egregious spills for residential customers resulted in upgrades of a standard trash cart to an enhanced wildlife resistant trash cart.

Fiscal Analysis – Facility Closure FY2019-20

Community Services and Beach Facility Fees

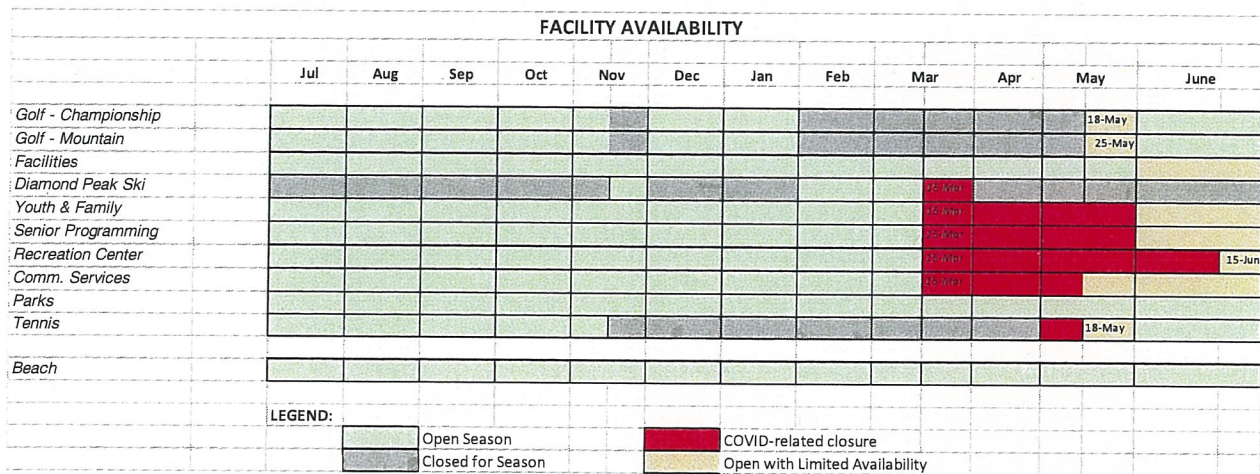
The Facility Fees collected by the District in Fiscal Year 2019/2020 include the Recreation Facility Fee (\$705) and the Beach Facility Fee (\$125). Each fee, in turn, is allocated by the Board of Trustees in specific amounts to support of venue operations, capital improvements, and debt service. The following summarizes the allocations of the Fiscal Year 2019/2020 Facility Fees:

Budget for 2019-2020			
Recreation Facility Fee		Beach Facility Fee	
Golf - Championship	\$ 21	Per Parcel Operating Component	\$ 85
Golf - Mountain	40		
Facilities	16	Per Parcel Capital Exp. Component	39
Diamond Peak Ski	(200)		
Youth & Family Programming	25	Per Parcel Debt Service Component	7
Senior Programming	21		
Recreation Center	97	Total Beach Fee Per Parcel	\$ 125
Comm. Services Administration	127		
Parks	89		
Tennis	14		
Per Parcel Operating Component	250		
Per Parcel Capital Exp. Component	405		
Per Parcel Debt Service Component	50		
Total Recreation Fee Per Parcel	\$ 705		

For purpose of considering potential credits of Facility Fees paid by property owners for Fiscal Year 2019/2020, Staff recommends that focus on the operating component of each respective fee and limit credits in proportion to curtailment of access to each District facility. Fees collected in support of Community Services and Beach capital projects continue to be required as funding sources for planned projects and fees collected to provide debt service coverage are obligated for that purpose.

Curtailment of Facility Availability

Based on the actual closure and re-opening dates District venues and facilities, Staff has estimated the proportion of each venues availability through Fiscal Year 2019/2020 in comparison to a typical (non-pandemic) season.



Venue closures range from a high of 23.1% for the Recreation Center (closed 12 out of 52 weeks) to 0% for the District beaches (which remained open to property owners through the entire fiscal year).

	Full Season (wks)	CLOSED (wks)	% time Closed	Limited (wks)	% time Curtailed
Golf - Championship	24	2	8.3%	4	16.7%
Golf - Mountain	24	3	12.5%	4	16.7%
Facilities	52	10	19.2%	14	26.9%
Diamond Peak Ski	18	2	11.1%	6	33.3%
Youth & Family Programming	52	10	19.2%	14	26.9%
Senior Programming	52	10	19.2%	14	26.9%
Recreation Center	52	12	23.1%	14	26.9%
Comm. Services Administration	52	8	15.4%	14	26.9%
Parks	52	0	0.0%	0	0.0%
Tennis	30	2	6.7%	4	13.3%
Beach	52	0	0.0%	0	0.0%

In general, Ski and Golf venues operated with only modest curtailment of availability (compared to typical seasons), and while the Championship and Mountain golf courses commenced their seasons with restrictions designed to limit rounds in accordance with industry social-distancing protocols, residents and property owners are granted priority access. Data through the end of the fiscal year indicates that primarily non-resident golf rounds have been impacted. Similarly, beach access has been restricted to picture pass and punch card holders (residents and guests), with limited impact on access and availability as a result of no cash payments taken at beach gates.

Given that the Recreation and Beach Facility Fees paid by property owners is for access to District facilities, it is instructive to estimate potential “credit” of Facility Fees paid based on the 2019/2020 availability of the venues and facilities for which the fees were collected, in comparison to a typical fiscal year.

Prorated Facility Fee Credit Analysis

The following table illustrates the Facility Fees assessed, by venue, on each parcel within the District, with credits provided based on the actual curtailment of availability over the Fiscal Year 2019/2020. The table shows alternative calculations of credits based on a) strict venue closure (red column), and b) closure plus limited availability to residents upon re-opening (yellow column). Credit estimates under each alternative are also provide using only the operating component of the Facility Fee as well as with inclusion of the capital program element of each fee.

ADJUSTED FOR DIAMOND PEAK REC FEE "CREDIT"						
	Rec Fee - Operations			Rec Fee with Capital		
	\$ Amt			\$ Amt		
<i>Golf - Championship</i>	\$ 2.07	\$ 0.17	\$ 0.35	\$ 161.76	\$ 13.48	\$ 26.96
<i>Golf - Mountain</i>	13.99	1.75	2.33	24.77	3.10	4.13
<i>Facilities</i>	2.59	0.50	0.70	12.21	2.35	3.29
<i>Diamond Peak Ski</i>		-	-			
<i>Youth & Family Programming</i>	13.47	2.59	3.63	64.68	12.44	17.41
<i>Senior Programming</i>	11.92	2.29	3.21	21.1	4.06	5.68
<i>Recreation Center</i>	51.81	11.96	13.95	91.74	21.17	24.70
<i>Comm. Services Administration</i>	65.8	10.12	17.72	124.58	19.17	33.54
<i>Parks</i>	46.11	-	-	134.76	-	-
<i>Tennis</i>	7.25	0.48	0.97	19.39	1.29	2.59
	\$ 215.00	\$ 29.86	\$ 42.84	\$ 655.00	\$ 77.05	\$ 118.30
Beach	85.00	-	-	124.00	-	-
	\$ 300.00	\$ 29.86	\$ 42.84	\$ 779.00	\$ 77.05	\$ 118.30

In summary, reasonable estimates of appropriate credit for the operating component of facilities paid by property owners based on curtailment of facility access ranges from \$29.86 (strict closure) to \$42.84 (closure plus limited access upon re-opening). Similar estimates to include credit for both the operating and

capital project component of the Facility Fees range from \$77.05 (closure) to \$118.30 (closure plus limited access upon re-opening).

Year-end Fiscal Results Provide Opportunity for Credit to Property Owners

Any consideration of providing property owners with a (partial) credit of Facility Fees paid during Fiscal Year 2019/2020 should most appropriately be funded through net operating revenues earned by the District over the course of the fiscal year.

Preliminary (unaudited) year-end Fiscal Year 2019/2020 performance reflect favorable net operating results relative to the approved budget for both the Community Services and Beach Special Revenue funds. The Community Services fund results reflect a favorable variance of \$3.13 million compared to the budget, while the Beach Fund ended Fiscal Year 2019/2020 with a favorable variance of \$1.25 million compared to the approved budget.

By comparison, a costs to the District of providing credits to all parcel owners would equate to roughly:

\$30 credit per parcel	\$246,000
\$50 credit per parcel	\$410,000
\$75 credit per parcel	\$615,000

It should be noted that additional administrative costs to process property-owner credits would also be incurred, depending on the form of credit provided and the process required to administer the credit program.

QUESTIONS THAT NEED EXPLORING

As the Senior Management Team brainstormed on the request made of them by the Board of Trustees, several items came to light:

- What would be the process and costs to send a rebate, in whatever form, to approximately 8,200 parcel owners?
- How would a rebate be handled on a parcel that had sold or changed hands during the fiscal year?
- What form would a rebate take? A monetary payment, stored value, venue voucher/credit?
- Is the assumption that the money would come proportionally from both the Community Services fund and the Beach fund?

- Will a rebate be based on the operational allocation of the Recreation Facility Fee's considering most Capital Projects were completed and those deferred will be completed at a future date?
- What would be the amount of the rebate?
- Was there something else the District could do?
- When would be the appropriate time to effect a rebate?
- Should we wait until we know the full impact of COVID-19 as it relates to the operations and facility availability within the District?