

MINUTES

REGULAR MEETING OF MARCH 1, 2022

Incline Village General Improvement District
(Amended)

The regular meeting of the Board of Trustees of the Incline Village General Improvement District was called to order by Board Chairman Tim Callicrate on Tuesday, March 1, 2022 at 6:00 p.m. via Zoom.

A. PLEDGE OF ALLEGIANCE*

The pledge of allegiance was recited.

B. ROLL CALL OF TRUSTEES*

On roll call, present were Trustees Tim Callicrate, Matthew Dent, Sara Schmitz, Michaela Tonking and Kendra Wong.

Members of Staff present were Director of Finance Paul Navazio, Director of Human Resources Erin Feore, Director of Golf/Community Services Darren Howard, Director of Public Works Brad Underwood and District General Counsel Melissa Crosthwaite.

C. INITIAL PUBLIC COMMENTS*

Dick Warren said page 257 in the BOT Packet for tonight's meeting is a Draft of the "2023 Capital Improvement Project Summary Report". Items E (Capital Maintenance), H (Capital Maintenance – Expense), I (Equipment & Software – Expense, and J (Capital Improvement Expense) are all expense items. For the 5 years combined, they total \$18,602,242, which is 32% of the Capital Improvement Projects excluding the Effluent Pipeline and Recreation Center expansion. Why are these expense items included in the Capital Improvement Project Summary Report? Why weren't they included in the 5 Year Operations Budget that was presented earlier in the year? The Operations Budget that IVGID Management already presented looks better than it should be because these "non-Capital" expenses of almost \$19M were not included, but they will eventually be expensed through Operations, not Capital. Isn't that a little bit disingenuous of IVGID Management to show an Operations Budget at a previous meeting without these expenses included? Page 245 lists the Board Policies & Practices relating to Capital Projects. Why are the almost \$19M of operational expenses then listed on page 257? These operational expenses of almost \$19M should have been included in the Operations Budget presented earlier in the year, and not here in the Capital Projects Budget. They have nothing to do with Board Policies & Practices relating to Capital Projects. An expense is NOT a Capital Asset. One can

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assume that the 5 Year Operations Budget presented earlier is missing almost \$19M in expenses and is deceiving the public. But more importantly than even the disingenuous of IVGID Management, doesn't the Board of Trustees have a fiduciary responsibility to ask IVGID Management why they purposely are misleading in their budgets and financials? Thank you.

Ellie Dobler said on October 2013, the Effluent Wastewater Ponds #1 & #2 had environmental violations for improper operations and maintenance. They were decommissioned until pond lining was completed. In 2014, IVGID spent \$677K for temporary mitigation, by expanding the Treatment Plant area and using two emergency trailer mounted pumping units. 2017, a \$1 million budget was approved to line Pond #1 but instead \$788K was spent on other items. June 2018, \$39K was spent with Jacobs who provided 4 alternate estimates for Pond #1 ranging from \$500K to \$3.2 million. The Board approved the lower estimate, but nothing was budgeted. In February 2019, IVGID issued a letter to the Army Corp of Engineers that Pond #1 would cost \$2.7 million, and a contract with the Corp was to be delivered by March, 2019, but never was. June 2021, IVGID decided that Pond #2 would be a better choice and issued a \$36K contract to Jacobs, who then in September 2021, provided an estimate between \$4.7 and \$5.9 million which DID NOT include any Dam work or cost of TRPA coverage. IVGID's Board accepted the estimate and issued a \$425K contract to complete design on Pond #2. Then in December 2021 it was discovered that a Dam permit would be required delaying the project, but a revised estimate, including the Dam requirements and TRPA coverage, was not provided. No doubt estimates will approach \$7 to \$8 million. So here we are back to Pond #1 with revised estimates for three alternatives of between \$6.5 and \$8.3 million which now includes the TRPA coverage. No choice has been made. Does IVGID have the required TRPA coverage or not? If not, then why would IVGID only budget \$4.6 million, assume a Grant for \$3.4 million would be obtained and completion would be done by June 30 next year. Please, explain this to her; this could be a good topic for a Friday cocktail party.

Cliff Dobler said at the end of fiscal year June 30, 2021 the Utility Fund had \$15.8 million in cash. Of that, \$3.3 million was needed for carryover projects excluding the pipeline. According to the 2022 budget, submitted to the State, cash will be reduced by \$2.5 million to cover operating costs, capital expenditures and debt service. So at the end of June, 4 months from now, the Utility fund will have only \$9.9 million in cash. Wow! According to the February 3rd, Base line 2023 operating budget cash inflows excluding capital projects are planned to be \$4.4 million. So with the cash expected to be in hand 4 months from now and the 2023 operating budget inflows, there should be \$14.3 million in cash available to fund capital projects in 2023. GREAT. The Director of Finance may claim there will be more cash by not deducting prior appropriations on unfinished capital projects. However,

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the 2023 capital project budget requires \$16.7 million. Short \$2.4 million. Also there is not one penny for reserves which by Board policy should be around \$5 million. Making matters worse, the 2023 capital budget is not adequate as the February 21 report from Jacobs Engineering indicates Pond #1 will now cost between \$6.5 to \$8.3 million for 3 different alternatives. The average is \$7.4 million. The budget, however, has only \$4.6 million (including the 2022 carryover) so an additional increase of \$2.8 million is required. **Combined shortage will now be \$5.2 million.** But don't worry, the budget states that \$3.5 million will come from a yet to be seen grant from the Army. Sure. Noting has even been decided on what to build. Nothing yet but jabber. If I recall, Trustee Wong suggested the budget should be prepared without the grants. Apparently her statement fell on deaf ears. Remember the old saying about "counting chickens before they hatch" with no grant. \$5.2 million short and \$5 million short in reserves. Total shortage over \$10 million. Real money. Real scary. The 2023 budget for the Crystal Peak water main replacement was increased by 52% adding \$500K. however no increases were included for the future water mains of \$2.5 million. Applying a 52% increase, the budget should be increased by \$1.3 million. Go back to the drawing board, get realistic or start praying for manna from heaven. This Board is playing with fire. The pipeline is collapsing, Rome is burning and Nero is fiddling. Oh I meant the Board. On two other matters, the recreational operating budgets are NOT reporting the annual Facility Fees as non operating revenues as required and agreed by this Board in accepting the Moss Adams report. Why? Another diversion from agreements. Board Chairman Callicrate where is that apology? Still waiting.

Michael Abel said regarding the Effluent Pipeline – 2022; once again there has been a failure last month of the (over 50-year-old) effluent pipeline that runs under highway 28 between Sand Harbor and Spooner Summit. This failure was 100% avoidable, and due solely to misdirection by IVGID's board. IVGID started collecting the \$2 million per year in 2012 (now \$22 million) with the promise to use those funds to complete the remaining six (6) miles to Spooner Summit. Like Nero fiddling while Rome burned IVGID's board (including Wong and Callicrate) and former GM Pinkerton, dragged their tails on this important piece of infrastructure for seven (7) years. They deceived the public and diverted at least \$6 million of the \$22 million that they had collected for the pipeline to other projects. They attempted to "milk" more life out of this old and rusted/corroded pipe though money wasting inspections and repairs of leaks. This effort has failed. IVGID spent \$1.4 million to repair 13 breaks alone in 2017. This year – repairs are already at \$80,000 and it is only January. Again, last month (Feb. 2022)– another failure and another pile of cash wasted to repair the break in the pipeline. A feckless board has had its attention diverted by a plethora of "promises du Jour" of money savings. Whether it was:

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1. Our former Board Chair, Kendra Wong, unilaterally, illegally, and without IVGID Board approval promised \$7-million of our pipeline funds to the Tahoe Transportation District to put the pipeline under a new bikeway.
2. IVGID's lobbyist promising us Federal government funding for the pond liner (was \$2.5 million - now estimated to be \$6-8 million). He needs to make these flowery promises to keep his job.
3. The latest promise du Jour was dramatic savings from slip-lining the pipeline. Another dead end promise.

The pipeline that should have been finished by now for \$23 million as estimated in 2011 has now escalated to \$45.5 million in 2022 and definitely more by 2023. If this sounds like a comedy of errors then you are correct. Our Trustees imposed a massive \$2 million per year rate increase on our community in 2011 with the PROMISE that the failing pipeline would be replaced. It was not replaced. We cannot risk any more pipeline failures. The Board needs to take action NOW to:

1. Engineer, contract and install a holding tank or pond liner this year (2022).
2. Move on toward completion of the remaining 6 miles of pipeline in 2023 and 2024 using the original plan of digging a new trench and installing an all new pipe.

Myles Riner said he is a full-time resident living on Valerie Court in Incline. Thanks for the opportunity to address the Board, the IVGID staff, and the residents of our community. The subject of his comments today is 'civil discourse'. Lately he has been listening to the recordings of the last few Board and Audit Committee meetings, and what he has heard from some of those individuals making public comments has left him feeling very angry and disappointed. He firmly supports the role of the watchdogs in our society who take the time to provide input into, and oversight of, the actions and policies of our governmental agencies. However, the behaviors of these self-described 'malcontents' is more like those of junk-yard dogs than watchdogs. The torrent of abuse and personal attacks; and the accusations of stupidity, malfeasance, ignorance, ineptitude, and ethical lapses that have been heaped upon the members of this Board and particularly on IVGID staff and management by these individuals is both inappropriate and offensive. There is nothing civil about this discourse, and it must change. If there are any nuggets of value in their protestations, they are being lost in the sandstorm of vitriol they continually spew. He knows for a fact that there are many residents of Incline and Crystal Bay who are as offended by this behavior as he is, but he can only speak for himself, and for his self he apologizes to the members of this Board and to the IVGID staff for having to put up with this nonsense, and for not having stood up sooner to object to it. This is not an issue that can be effectively addressed by either the Board members or IVGID management, and he does not fault you for

having given up trying. These very public and personal attacks can only be addressed by the community at large, so if there are Incline and Crystal Bay residents who feel as he does that this inappropriate behavior must stop, he asks you to make your feelings heard, in this public forum and even better, in private conversations with these so-called watchdogs. Their concerns may or may not be legitimate, but their abusive tactics and conduct should no longer be tolerated. Thank you.

Yolanda Knaack said she wanted to thank the Board for making repair of the pipeline a priority and she hopes that continues. She is disappointed with the fact that it has been leaking for 19 years but she is thankful that the current Board is going to take care of this and the sooner, the better.

D. APPROVAL OF AGENDA (for possible action)

Board Chairman Callicrate asked for any changes to the agenda, none were received, so Board Chairman Callicrate said that the agenda is approved as submitted.

E. REVIEW OF THE LONG RANGE CALENDAR (for possible action)

District General Manager Winquest reviewed the submitted long range calendar. Board Chairman Callicrate said we should have a discussion at our next Board meeting, if possible, on transitioning back to in person Board of Trustees meetings. If we can do a hybrid or if we can accommodate that; then we just need to do the best we can however we should have an in person meeting as soon as possible and we should move back into the Boardroom at Southwood. He can have that discussion with the District General Manager and then have that Board conversation. Trustee Tonking said she will not be at the next Board meeting and that she will provide her thoughts. Trustee Schmitz said she is available to meet in person at the next meeting and let her know where we will be meeting. There have been a number of changes made to the long range calendar and that included a change of date for the District General Manager review, having Audit Committee recommendations on the March 9 meeting agenda and removing the Trustee handbook until we see what we get from Dr. Mathis. Trustee Schmitz then said that she would like to request the Ordinance 7 recommendations be added based on what the attorney's schedule is as she is assuming that Staff has given him a deadline so let's put that deadline on the calendar and get it accomplished before the summer season. District General Manager Winquest said yes, we have updated the long range calendar and we will move up the District General Manager evaluation by one meeting date. He can confirm that the Audit Committee report will be on the March 9 agenda and that Staff is not ready to do in person meetings

on March 9. Trustee Schmitz said she was cheering on the reference by Board Chairman Callicrate. Board Chairman Callicrate apologized for being overzealous and understands it can't be the next meeting. Trustee Dent said he has a conflict with the August 10 Board of Trustees meeting. District General Manager Winquest said as we get closer to that meeting, we will make that determination. Trustee Schmitz asked if we can get a target date to review the list of contracts for annual review as this item has been sitting there for quite some time so we should get it on our calendar. District General Manager Winquest said he will follow up with the District Clerk and noted that Staff has received feedback from the attorney on Ordinance 7 and we are working on that however Staff needs to have one final meeting with the General Manager's Ordinance 7 Committee to come to agreement on the recommendations and then we will a special meeting of the Board of Trustees.

F. REPORTS TO THE BOARD*

**F.1. SUBJECT: FISCAL YEAR 2021/2022 SECOND QUARTER
BUDGET UPDATE: DISTRICT FINANCIAL RESULTS THROUGH
DECEMBER 31, 2021**

Recommendation for Action: No action required – report only
(Requesting Staff Member: Director of Finance Paul Navazio)

Director of Finance Navazio gave an overview of the submitted report. Trustee Schmitz said on page 10, our current year end projection, was to come in \$5.9m (negative) and now it is \$4.3m so a \$10m swing? Director of Finance Navazio said no, that the \$4.3m is the delta. Trustee Schmitz said that the majority is due to capital improvement projects and repair/maintenance work and those are the areas where the biggest deviations are noted and is that an indication that we will not be able to accomplish all of the projects on our plate for this year? Director of Finance Navazio said in looking over this, most of the savings is from delayed projects or projects completed under budget. Carryover projects are counted as projected projects to be complete. Trustee Schmitz said we had a carryover of a little over \$4m last year; are those priority and additional projects? We asked to have those included in the popular report however she didn't see them in there and/or didn't see them in our 5-year report. Are we going to complete the work and identify the initiatives that are going to be our first priority and then determine our capacity for the next fiscal year – that is the request she has made. Additionally, Trustee Schmitz wanted to pointed out, in Moss Adams Report #2, pages 62-64 (which Trustee Schmitz read from) the question is that was done and then turning to page 29, the

report from the Facilities Fund, no longer would be the fee up at the top but be down below so we could see how much of the facility fee would be allocated and would that be helpful to understand the financial statements? Director of Finance Navazio said the short answer is that it wouldn't impact the sources and uses on page 29. Trustee Schmitz said where is the facility fee in all of this? Director of Finance Navazio said, go to page 43 which then points you to page 46, facility fee which was just \$100 for non-beach and it is entirely in this fund and is shown as operating income. We have discussed this and the Moss Adams recommendation has been interpreted to not be in the operating income but the non-operating income. Trustee Schmitz said correct as that would be much more clear however going back to page 43, Facility Fund, we have no way of knowing how much of the facility fee is baked into these numbers. Director of Finance Navazio said there is little of the facility fee allocated to these funds, rather it is just capital and debt, and you are correct, you would see it better in non-operating – it doesn't impact these statements. Trustee Schmitz said if it was moved down below and she thinks that is how her fellow Trustees said they wanted to see it, and implementing the Moss Adams recommendations, it would much more transparent to see it there. Director of Finance Navazio said we will be bringing to the Board, on March 30, a budget and we can highlight this point and present in that manner. Trustee Schmitz said she would like to see us implementing the Moss Adams recommendations as we all agreed upon.

F.2. SUBJECT: FISCAL YEAR 2021/2022 SECOND QUARTER BUDGET UPDATE: POPULAR CAPITAL IMPROVEMENT PROGRAM STATUS REPORT THROUGH DECEMBER 31, 2021

Recommendation for Action: No action required – report only
(Requesting Staff Member: Director of Finance Paul Navazio)

Director of Finance Navazio gave an overview of the submitted report. Trustee Schmitz said, regarding the security cameras, it was determined to be expensed so she is wondering why the cameras in Utility are not being expensed – different situation? Director of Finance Navazio said part of the reason why District-wide cameras is to be capital is because we are procuring the system and the cameras are a component therefore it is appropriate to capitalize. They are not part of the integrated security system and that is the distinction and we will come back with more information. Trustee Schmitz asked where the Tyler project is in this list? Director of Finance Navazio said on page 57 and it is shown as HR and Payroll software. Trustee Schmitz asked where is the 60% design is for the pond lining and not sure at point it gets expensed and is it supposed to be

expensed? Director of Finance Navazio said the money budgeted is on page 57, with \$1.55m of carryover. Trustee Schmitz said that the design phases are to be expensed and should it be here also in the expense area? Director of Finance Navazio said just because it is the design, it would meet the capitalization, but if we are pivoting, it would be appropriate to expense it. The costs incurred are appropriate to capitalize. Trustee Schmitz said when it says “in progress” what does that mean – being worked on and could they include percent complete so we can discuss it within our 5-year plan? Director of Finance Navazio said in progress means it has been started and, in the 1st quarter, we left a number of items blank because they hadn’t been started. In progress covers a wide swath of in progress. Trustee Schmitz said it might help us with carryover and the things that are ongoing appear to be repair and maintenance activities and that was her observation.

Board Chairman Callicrate said regarding some of the in depth questioning that needs to take place, it is his hope to get those questions answered prior to the meeting by meeting with the Directors as we need to get to the budget workshop which is critically important.

F.3. SUBJECT: REVIEW AND DISCUSS EFFLUENT PIPELINE PROJECT UPDATE

Recommendation for Action: No action required – report only
(Requesting Staff Member: Director of Public Works Brad Underwood)

Director of Public Works Underwood introduced Mr. Calderwood (HDR) and Mr. O’Day (Granite); Mr. Calderwood began the review of the presentation that was included in the packet. Mr. O’Day then followed Mr. Calderwood and Director of Public Works Underwood completed the presentation. Trustee Schmitz said if the decision was to replace in parallel does that eliminate the need to have the storage pond to do the construction? Director of Public Works Underwood said yes it could but we would want to have some storage as we don’t think we would want to go parallel with all of the project. Trustee Schmitz said that the priority was always Segment 3 and then do some Segment 2 critical repairs, page 63, Segment 3 was previously replaced, so she is a little bit confused about what is going on with Segment 3 and how is this work going to be prioritized and deal with the breakage, start with Segment 3, etc. – can you please clarify? Director of Public Works Underwood said Spooner Lake has been replaced already. Trustee Schmitz said it was not replaced in its entirety and the project summary states completion of Segment 3 as the priority. And then asked if the linear footage

was added to Segment 2. Mr. Calderwood said he may have misspoken in Segment 2 as it runs from the Spooner pump station and all the way to Segment 3. Trustee Schmitz said so that includes Segment 3? The HDR representative confirmed. Trustee Schmitz continued so how do you do all of these critical repairs when you are concerned about breakage while replacing it? Director of Public Works Underwood said what we are seeing in the breaks is that they are at the joints and so it is hard to say and the Board supported it and that was to not do those repairs as it may be near those locations and at the joints. One of the things talked about is where do we start and we are concerned with the steel pipe and we can fix the low pressure points. That is our plan, at 30% right now, still talking about it as a team. Trustee Dent said on the last slide mentioned having temporary storage – can you elaborate? Director of Public Works Underwood said as we investigated and proceeded with design work, we ran into some items with the dam and had some discussions with the Nevada Department of Environmental Protection (NDEP). We talked to them and they provided us with a plan on the pond and we are targeting up to 4 seasons in a lined condition. That is the direction we are headed and going to work with the Division of Dams and TRPA to understand all the requirements. Trustee Dent said when it comes to a longer work day, he heard you say something about your relationship with Granite, what is your recommendation -12 hour days or working around the clock? Mr. O'Day said that NDOT have allowed us to start on Sunday night and work around the clock and be off the road on Friday. In the spring and fall, we have been able to work later on Fridays and some Saturdays depending on traffic counts. Busier seasons, NDOT likes us off the road by noon or 1 p.m. on Friday. We would like to work around the clock on this project to get as much done as we can. We will also look into getting an earlier start at the start of the season and at the end depending on weather; the more efficient we can be the better. Trustee Tonking said when we talked about the different methodologies for placing the pipe – does the slip lining have the same useful life as the other methods? Mr. Calderwood said it can if designed appropriately and that the challenge with slip lining is to have a more robust wall and then there will be a smaller pipe inserted which could cause a whole host of other challenges within the system which is why we are looking at it very carefully.

F.4. SUBJECT: REVIEW AND DISCUSS EFFLUENT STORAGE (POND LINING) PROJECT UPDATE

Recommendation for Action: No action required – report only
(Requesting Staff Member: Director of Public Works Brad Underwood)

Director of Public Works Underwood introduced Ashley Kellogg from Jacobs who gave the Powerpoint presentation which was included in the packet. Mr. O'Day then continued the presentation. Trustee Dent asked what was the timeline to get to 30% design? Ms. Kellogg said we will have a fee and scope amendment at your next meeting; we are not anticipating a long timeline and she anticipates doing the refinement in the next several months. Director of Public Works Underwood said we will be bringing the amendment to the Board and hope to come back in 2 or 3 months and then come before the Board with a preferred recommendation. Also note that the TRPA needs to work through coverage and we are working through that activity as quick as possible. Trustee Dent asked if this project could start summer 2023 or are we looking at 2024 for a start? Director of Public Works Underwood said we are looking at 2023 and can do both at the same time – decoupled at this point of time. Trustee Dent asked if you can include the lifespan of each alternative? Director of Public Works Underwood said yes and that we need to take into account the existing tank and the cost that might yield as we may want to decommission rather than invest in that tank. Trustee Schmitz said originally the pond had to be lined and she thinks you just said that the projects are now decoupled so what is the requirement for the pond and its availability? Director of Public Works Underwood said there is no date from NDEP, they re-upped our permit for another 5 years, and we are in conversations with them but they haven't specified a date. Trustee Schmitz said she is confused because she thought the pond had to be lined before we started the pipeline so she is trying to understand the pond lining project start/need? Director of Public Works Underwood said the pond was a solution for construction and it will be a temporary condition and now we are talking about a permanent solution. Trustee Schmitz said so it is no longer a requirement for the pipeline replacement project? Director of Public Works Underwood said correct and Staff is just looking for an efficient method for temporary storage. Trustee Schmitz said the pond has a ½ million more capacity and the lowest price and does it speed up the efforts and does the HDEP design save money and design as opposed to 3 different alternatives? Director of Public Works Underwood said by overlaying the TRPA potential costs, he forecasts the need to further evaluate all of these options. He knows that Trustee Schmitz has had a tour, it is a small footprint, and there is not much room to do anything but the options may provide more room and we need to vet the TRPA matter as it is the highest level of land classification. Trustee Schmitz said IVGID doesn't have that level of land classification? Director of Public Works Underwood said yes, that is correct. We want to see if this is really 1B coverage and that has to wait until the snow melts. Trustee Schmitz said if there is a need for construction, they

brought in tanks and trucked it off site and if this pond doesn't have the capacity, is that an option? Director of Public Works Underwood said it would be quite a few truckloads a day. Trustee Schmitz said would it help with additional capacity and that HDEP is significantly less if the TRPA element comes out.

G. CONSENT CALENDAR (for possible action)

G.1. SUBJECT: PROFESSIONAL SERVICES AGREEMENT FOR ENGINEERING DESIGN SERVICES FOR THE WATERMAIN REPLACEMENT – CRYSTAL PEAK ROAD PROJECT – 2021/2022 CAPITAL IMPROVEMENT PROJECT; PROJECT; FUND: UTILITIES; DIVISION: SUPPLY & DISTRIBUTION; PROJECT: 2299WS1705; VENDOR: SHAW ENGINEERING, LTD. IN THE AMOUNT OF \$58,300. PLUS \$5,000 FOR CONTINGENCIES AND A BUDGET TRANSFER OF \$20,000. (Requesting Staff Member: Director of Public Works Brad Underwood)

G.2. SUBJECT: AUTHORIZE PAYMENT TO GRANITE CONSTRUCTION, INC. FOR +/- 1,530 SQUARE FEET OF ASPHALT PAVEMENT DAMAGED BY AN EFFLUENT PIPELINE LEAK ON STATE ROUTE HIGHWAY 28; FUND: UTILITY; DIVISION: SEWER; VENDOR: GRANITE CONSTRUCTION, INC. IN THE AMOUNT OF NOT TO EXCEED \$80,000. (Requesting Staff Member: Director of Public Works Brad Underwood)

Trustee Wong made a motion to approve the Consent Calendar; Trustee Schmitz seconded the motion. Chairman Callicrate called the question and the motion was unanimously passed.

Chairman Callicrate called for a 10-minute break at 8:00 p.m.; the Board reconvened at 8:10 p.m.

H. GENERAL BUSINESS (for possible action)

H.1. SUBJECT: BOARD PRACTICE FOR APPROVAL – BUDGETING AND FISCAL MANAGEMENT; COMMUNITY SERVICES AND BEACH PRICING FOR PRODUCTS AND SERVICES – PRACTICE 6.2.0

Recommendation for Action: Review, discuss and possibly take action to approve the new Board Practice 6.2.0, related to Community Services and Beach pricing for products and service (Requesting Staff Member: Director of Finance Paul Navazio)

Director of Finance Paul Navazio gave an overview of the submitted materials. Board Chairman Callicrate said the clean copy is a good document and looks like it is cleaned up. Trustee Wong said she appreciates the work by Staff and that she is not in support of the changes on page 217, most of these items are for our Staff, and leave it up to our Staff to make the decision. She wants a policy to give guideposts and framework and doesn't want a policy that is so prescriptive that the Board approves everything and defeats having a professional Staff. Believes that our Staff knows how to run our venues and will make the best decisions based on our users. Trustee Tonking said on page 233, 3.6.4, she doesn't know if we do full cost or the operating costs and wants to get clarity on that one please? Board Chairman Callicrate said thank you to all for working on this document. Director of Finance Navazio said that it is full cost of operations and food and beverage. Trustee Tonking said she just wanted to know what it is exactly. Director of Finance Navazio said always intended that it includes the full cost of venue, staff, plus food and beverage and the markup if any; full direct cost is more appropriate. Trustee Tonking said she is a little confused on page 217, don't remember any of these decision points coming up, and where these came from and where the direction came from? Board Chairman Callicrate said when we were discussing this it was stated that there were to be clerical changes so it does help to clarify. Trustee Schmitz said you are correct, when Staff and she went through this, we were identifying additional issues, and the only place where the pyramid was discussed was only in Parks & Recreation. We knew they were substantive and that is her understanding of why they are here. Bullet #2 – expanded the terms - terms that are used in here, put forward this list of definitions so everyone is understanding these things as the same. Put them forward to have a discussion because it was outside the wording changes we had discussed. Trustee Tonking said are we walking through all of these because we never directed them as she is fine with putting in a couple, but it doesn't need to be a dictionary and we don't need known terminology, rather it should just be a couple that should be included. Board Chairman Callicrate said the purpose was to get the clear copy and what we addressed at the past Board meeting needs to be included so he is fine with moving forward with this. He thinks we can accept the document as presented and then do a review next year. District General Manager Winquest said we will have an opportunity to make any revisions next year and wanted to clarify the fifth bullet down. When we initiated the

pyramid methodology and there was a lot of discussion about things like youth program at golf and youth programs at tennis. Community programming includes all the programming within Parks & Recreation and any that occur at golf and then at ski, across all the venues instead of singular at Parks & Recreation.

Trustee Wong made a motion to approve Practice 6.2.0 as shown on agenda packet pages 220-227. Trustee Tonking seconded the motion. Board Chairman Callicrate asked for further comment, none were received, so Board Chairman Callicrate called the question – the motion passed with Trustees Wong, Tonking, Callicrate and Dent voting in favor of the motion and Trustee Schmitz opposed to the motion.

H.2. SUBJECT: FY2022/2023 BUDGET WORKSHOP #3 – REVIEW AND DISCUSS THE FOLLOWING:

- Presentation of Draft Multi-Year Capital Improvement Program Budget (FY2023-27)
- Board Policies – Multi-Year Capital Planning / Capital Project Budgeting
- Update - Board Priority Projects
- Update – Capital Program by Fund
- Update – Fleet Replacement Plan
- Update – Capital Maintenance / Expense Items

Recommendation for Action: Review, discuss and provide direction to inform ongoing development of the District's FY2022/23 budget. (Requesting Staff Members - District General Manager Indra Winquest and Director of Finance Paul Navazio)

Director of Finance Navazio gave an overview of the submitted materials. Trustee Schmitz asked, as it relates to Community Services, \$4.5m that is unfunded and that was Snowflake Lodge, what is the \$3.6m – is that Ski Way? Director of Finance Navazio said yes it is and that was pushed out and deferred. Trustee Schmitz asked what has pushed the boat ramp up in priority as she is not recalling that it got it bumped to a priority project? Director of Finance Navazio said that he thought the Board said if we have a health and safety issue, then Staff is recommending moving that up. District General Manager Winquest said it is Staff's recommendation to move it up for safety and user improvement – that presentation slide is upcoming. Trustee Schmitz said it would be great to get a community group

together to get a vision and she thinks that the Lakeview Chair is a priority as we have all learned the changes during the COVID and she is in support of getting together a community group to discuss the vision. Board Chairman Callicrate said he concurs. Trustee Schmitz asked if there is community outreach on the dog park that needs to be done or delivered before the USFS makes a decision? District General Manager Winqest said yes, and that it is about timing. Staff needs more information from USFS before we can solicit more feedback than we have already done from the public. He would consider resurveying the community even though he believes it is still a high priority. Trustee Schmitz said she thought it was a requirement of our application in order to approve? District General Manager Winqest said if it was a requirement, he would have been told that. The requirement was showing a robust community outreach to date and he knows that there will be a requirement for another outreach before they make their decision. He has been told that this review will take longer because of shortage of staff and changeover of staff. Trustee Schmitz asked if Staff was given any date? District General Manager Winqest said no and because of the circumstances they are experiencing we were told it would take longer and that is why he hasn't created an advisory committee yet. Trustee Schmitz said we need to understand what we are carrying over and what our priority projects are as those should be our priority projects as we can only get so much done in a calendar year. District General Manager Winqest said he has discussed this with the team and they understand that they have to consider bandwidth of Staff. Once we know a little more about this priority project, we can make a better decision. Trustee Schmitz said, regarding 947 Tahoe Boulevard, are they going to start complaining about the skate park even though they know that this amenity is there? District General Manager Winqest said that he has made it clear to the developers that this amenity is there as well as the ballfield lights and they need to consider paying for screening, etc. to mitigate that. Trustee Schmitz said we just need to stay ahead of it. Trustee Schmitz said we have a number of projects where we have advisory groups and we may need to hire a company to do this facilitation as it is a lot of work to those outreach efforts. District General Manager Winqest said he agrees and these committees do take up a tremendous amount of time; he appreciates the thought. Trustee Dent said he would like to see the Incline Beach House project move along a little quicker and let's streamline this process and let's do it as we have a preliminary design. From a Staff bandwidth perspective, is it something that we can do – building \$30 million in the same year? District General Manager Winqest said he does believe that this project is ripe for a CMAR process and as we vet more of this out, he does think we can accelerate it a little quicker. Staff does remember that it needs to be a scaled down design.

Director of Public Works Underwood said he definitely wants to check in on the bandwidth and he and his team are laying things out and looking at what we have on our plates for next year and then try and layout the Staff bandwidth so we can see what we might be able to fit in. He has appointed an Engineer to the pipeline and pond lining as his number one priority and he and his team are happy to look at these projects and how they fit in. Trustee Dent said he would like to see the design and have a shovel ready project. We did spend a lot of time on the design and he would be happy to be the Trustee to represent the Board of Trustees on this project. District General Manager Winquest said we can discuss moving the design to 2022/23 and then we can determine construction schedule. Board Chairman Callicrate said on the boat ramp, we have to look at high water and low water years as a low water year might be conducive to construction and he knows that the boat ramp is in some pretty interesting condition. Trustee Schmitz asked what is the safety issue and what is intending to be done? District General Manager Winquest said it gives us more flexibility if we have a low water year and this was recommended by Engineering and Risk as we have some issues that we have come up with creative solutions for so as to not close the ramp down. Director of Public Works Underwood said that the biggest thing is that ramp has some erosion at the end and that is why we had to close it. It is just an unsafe condition that could do damage to the boat trailer and there are safety concerns so we need to really reconstruct that ramp. Trustee Schmitz said so it is really about the low water condition? Director of Public Works Underwood said longer boats have that issue earlier in the season and there are some structure issues with the ramp which has reached the end of its useful life. District General Manager Winquest said we can get more information on this project and when we have a consultant take a look, we can provide more information. We get a lot of feedback from our most frequent users and we don't want to have the ramp completely fail. Trustee Schmitz said we don't have the ability to build a pier? District General Manager Winquest said that has been coming up a lot in discussions and we probably want to look at it while keeping our beaches as restricted access. Trustee Dent said don't we have to take down a pier to add another pier? Board Chairman Callicrate said that was a situation in the past and TRPA is allowing for new piers; that was changed about 4 or 5 years ago. Director of Public Works Underwood said he just had something come across his desk about a new pier. Trustee Schmitz said about the \$80,000, what is it we are trying to accomplish and people who are remote – not sure what problem we are trying to solve especially if we are deciding that we are going back to in person meetings. Director of Information Technology Mike Gove said they are preliminary budget numbers, this is a Board project, there is a lot of conversations going on,

and this a preliminary budget number to achieve what the Board wishes. Trustee Wong said this is absolutely consistent with what the Board has discussed and we just stated that on the long range calendar. Trustee Schmitz said she was just sharing her opinion and she is one Trustee of five Trustees. Trustee Tonking said when we talked about our priority projects, and she thinks that Trustee Schmitz had to leave that meeting early, that that this was to try and create a hybrid model for the Board and create a better situation. Board Chairman Callicrate said that our current technology is in need of some upgrades and this would be the outside the budget as Staff is trying to maintain stability in our current platforms which we don't have. Things are unstable and things aren't working as well as they could be or should be. Director of Information Technology Gove said that the hardware we have, it works, we can make it, however it is not on the level we would prefer in order to provide a professional production for the community and the Board. The \$80,000 is the going rate for the changing world with the streaming, etc. Right now, we are working with equipment that works but the chances for failure are there. The exposure that these meetings have puts a lot of pressure on his team to provide the production quality that is expected. Trustee Schmitz asked if Staff was going to update the plan for pumps, etc.? Director of Public Works Underwood said no, Staff will be evaluating those programs over the next several months, and the capital plan will stay as is. Trustee Schmitz said so you aren't adjusting it by the pricing increase? Director of Public Works Underwood said some have been adjusted and some have not. Trustee Schmitz said because of costs going up, you have to adjust it meaning the Utility Master Plan and in review of the Raftelis report, isn't there a different scope? Director of Public Works Underwood said yes and Staff is doing a deep dive into our facilities and he wants to have discussion and identification of doing it differently and possibly upgrading a pump station every year and that is just one example. For the treatment plants, understand what is coming forward and needed and Raftelis didn't do that in depth review. Director of Finance Navazio said that there are some inflationary costs built into the utility rates and we are going to update the plan and adjust the capital rates. Trustee Dent said are we going to be updating the pipeline and pond lining projects or pushing them all off to 2024? Director of Public Works Underwood said no because his intent is to have a firm price with Granite so we will need to have that money to award that construction contract. District General Manager Winqest said we want to avoid what happened with the Burnt Cedar pool and if we know we aren't going to need those dollars, we will make those adjustments. Trustee Dent said we had \$4.5 million for pond liner and now we have \$10 million in two years that we don't spend so please understand the concern. He feels like there is a chance that we start May 1 but isn't there a way to

have part in one year and then in another year and open it early. There is also no way Granite is going to spend \$2 million in 2 months. Director of Finance Navazio said he understands and for the pipeline it is about timing of having the funds in place when we are ready to award. Trustee Dent said he does understand but it impacts the rate study and artificially increasing our rates so be aware of that component. Director of Public Works Underwood said his anticipation is award a contract to Granite in April or May to be ahead and the pond lining/tank is a one season job so don't see that as being a huge change in the rate model. Trustee Schmitz asked what have you seen change regarding the Diamond Peak shuttle buses – seeing a decrease in ridership because of the on demand service? General Manager Diamond Peak Ski Resort Bandelin said no, because we have seen them up there on occasion. On holiday periods, we do offset parking and there are times when we need shuttle busses and we haven't seen any significant drop off and our Staff's biggest concern is not having enough riders to accommodate community town runs. It is a project worth discussion and also worth being in the plan. It might take one or two seasons to get this piece of rolling stock in service. Trustee Schmitz said, in reviewing the summary, that she would encourage a Staff review as she thinks there are items included that were prior period adjustments and written off such as irrigation and cart paths and that this needs to be consistent. Trustee Schmitz then asked that the carryover projects be added so that the Board of Trustees can see what projects are going to be truly on our plates for this fiscal year. Director of Finance Navazio provided clarity on the referenced summary and confirmed that the carryover projects can be added as they are critical. Trustee Dent said he agrees with Trustee Schmitz's comments about the carryover projects. Going back to the cost of borrowing, what discussions have you had with District General Counsel regarding timeline with a \$10 to \$20 million bond and to start planning and getting our ducks in a row. Director of Finance Navazio said he hasn't had the discussion with District General Counsel to understanding the timing for something to land on the ballot. He has discussions on bond issuance and preparation, etc. so we are putting together the timeline but have not yet included the District General Counsel. This is really an election calendar issue but Staff will be bringing District General Counsel into the conversation. Trustee Dent said you had mentioned bringing him into the conversation; Director of Finance Navazio said yes, we will bring him in. Trustee Dent said can we have it on the agenda for March 30? Director of Finance Navazio said it would be a general conversation on March 30 and Staff can provide a general outline on issuing bonds and where we can check in with the voters. Trustee Dent said he wants to be prepared and we have never gone through a bond

issuance so he wants to be informed and the more information we get and the sooner the better.

I. FINAL PUBLIC COMMENTS*

There were no public comments made at this time.

J. ADJOURNMENT (*for possible action*)

The meeting was adjourned at 10:22 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.